ZULULAND DISTRICT MUNICIPALITY

DRAFT ANNUAL REPORT

2013/2014

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1.1.1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



Cllr MA Hlatshwayo

VISION

As a district Municipality, the core existence of the Zululand District Municipality (ZDM) in line with the numerous forms of legislations, especially the Constitution of the Republic of South Africa, is to improve the quality of life of all our communities by providing and fast-tracking access to services lie water and sanitation.

Key Service Delivery Improvements

As it is always the case, even on this financial year our core function and focus has not changed, we are still committed to the provision of clean potable water and sanitation to about one million residents of the Zululand District.

As a Mayor of ZDM, I am aware of the backlogs and continued challenges in the provision of water and sanitation which is due to inadequate funding that we receive from Municipal Infrastructure Grant (MIG). ZDM's intention is to eradicate these backlogs and challenges once and for all, but in order to attain that, we need more than R3.2 billion for our water and sanitation programmes, especially for our 10 Regional Water Schemes.

With the meagre grants that we get annually, we are struggling to fulfill our mandate. However we are trying to do all we can to deliver on our mandate which is to ensure that all our residents are provided with clean water. Each and every financial year, all grants allocated to ZDM for water and sanitation get exhausted, but backlogs remains.

On top of our core delivery function, a few years ago my predecessor started an LED programme whereby income generating projects within all our 89 wards are funded to the tune of R60 000 per ward. There is also a budget set aside to fund income-generating projects for widows' and orphans' clubs also within all our 89 wards to the tune of R20 000 per ward.

These programmes play an important role in mitigating against high unemployment rate within the district of Zululand, which is predominantly rural.

We plan to continue with these two programmes as they make a difference in the lives poorest of the poor within our communities as they put food in the table for many families. We are however working on a plan to ensure that all our LED-funded ward projects are sustainable instead of depending on prolonged funding from the municipality.

Public Participation

During each and every financial year as per legislation, our municipality continues to hold budget and IDP road shows within all the five local municipalities, which are Nongoma, Phongola, eDumbe, AbaQulusi and Ulundi. We also hold regular meetings with all stakeholders within our district and beyond to get their views and input on how we can best provide our core services, which is water and sanitation, within our district and to discuss and share ideas on how we could avert the water crisis that befell our district.

For the past 14 consecutive years our municipality has received unqualified audit opinion from the office of the Auditor-General. We will continue to strive to be a corrupt-free and well-run District Municipality as we have done in the past.

Receiving these good financial reports was no co-incidence but had been as a result of putting in place good financial management systems and stringent fiscal controls that makes it easier to spot any wrong doing.

Future action

We are doing all we can to speed-up construction within our 10 Regional Water Schemes, namely: Nkonjeni, Simdlangentsha West, Simdlangentsha Central, Simdlangentsha East, Mkhuze, Coronation, Mandlakazi, Usuthu, Khambi and Hlahlindlela. A large chunk of our budget goes to water and sanitation programmes.

Conclusion

Our District Municipality had other primary functions other than the provision of water which among others includes, promotion of tourism, LEDs, disaster management, ensuring good governance, health, as well as community and social services. We want to assure the people of our district that we will continue providing them with all these municipal functions to our best ability.

Cllr Mpiyakhe Alson Hlatshwayo

Mayor: Zululand District Municipality

1.1.2 SPEAKER`S FOREWORD



Cllr V. O Mbuyisa

This report for financial year ended in June 2014, is prepared to provide public within the Zululand District Municipal boundaries with an assessment of the Council's performance and impact for the relevant 12 month period. It is intended to provide the citizens of the district with an understanding of the council's strategic approach over the short, medium and long term to pertinent issues impacting and affecting the District Municipality.

As we marched into 2013/2014 financial year, it was critical to review the approach since profound challenges of service delivery was and is most patent. Former Hon. Mayor Mrs VZ ka Magwaza Msibi highlighted the key issues and challenges which were to be addressed in the short and medium terms to improve Council's performance. Feasible solutions to the challenges were debated. Proposals and recommendations were adopted. These resulted in Water Indaba and Water Roadshows awareness campaigns and new water schemes were implemented.

For the first time outstanding water account for indigent within Zululand will be written off .The challenge of illegal water connections became one of the targets of the municipality and the solution for this in the ensuing financial year was clear and unambiguous; flow restrictions where possible. This strategy will collectively be discussed with sector departments and communities. Whilst it is the basic right for communities to access portable water, the habit of responsibility should also be inculcated. Water services management has critical implications for national water security, now, and in future the demand outpaces supply.

The 2003 Strategic Framework for water services outlined eradication of sanitation backlogs in formal and informal settlements. This has been almost achieved in the south and north will be beneficiary during the next financial year. Amid turbulence of economic crisis and unemployment rate soaring in the country, which of course becomes a high risk area for the municipality, LED programmes to assist widows and orphans became a major achievement in pushing the frontiers of poverty back. Whilst the municipality has enjoyed the comfort zone of unqualified audit report for 13 year. The collective Councillors and officials of the

municipality should remember that, that is not yet the driver's seat. The driver's seat is clean audit.

Under the guidance of former Mayor of the district municipality with high intellectual acumen, prospective students at tertiary institutions received registration fee grant bursaries. This is a lifetime contribution in the future of young bright students. Our district through guidance of the accounting officer and former mayor, staff and councillors pride itself in becoming number three (3) of the best run municipalities in the country, announced by the State President. This is an attribute of the best-run municipality.

We also appreciate assistance and guidance from traditional leaders which have been rendered throughout programmes implementation by the municipality.

Allow me in this report to extend our unconditional gratitude to Chairpersons of Portfolio Committees and respective Heads of Departments together with CFO, Chairperson of Local Labour Forum, former Honourable Mayor, former Speaker who is now the present Mayor, present Municipal Manager and staff, public participants who vibrantly participated during our public participation road shows.

Public participation has been key to our success. We also extend gratitude to business sector with contributions of up to where two (2) cars became prizes of marathon winners, sector departments and that of the Premier which largely contributed to the upgrade of our local Airport which is now famous contributor to students' air space knowledge.

I hope we will as a municipality face new challenges of climate changes and greening of our environment. As councillors, we remember that we are where we are by popular demand not by ourselves!!

BY PRESENT SPEAKER
CLLR V.O MBUYISA

COMPONENT B:

EXECUTIVE SUMMARY

1.2 MUNICIPAL MANAGER'S OVERVIEW



J.H de Klerk

I am proud to report that for the 14th consecutive year Zululand District obtained an unqualified Audit report from the office of the Auditor General. The 14th year was not just unqualified but a CLAN AUDIT was achieved. The district prides itself of this achievement. Zululand District Municipality (ZDM) is also proud that the municipality was mentioned in the State of the Nation address, by the President of South Africa, the Honourable Jacob Zuma as one of the top performing municipalities in South Africa.

Good working relations between Council, Executive committee, Management Committee, Mayor and Municipal manager filtered down to all staff members. This instilled a desire to work hard and diligently thereby ensuring that true to ZDM's motto services was delivered to the communities with integrity.

Water and Sanitation is still ZDM's core function. It is also unfortunately the area is where the largest backlog is. It is frustrating to know that to many residents still don't have access to basic water and sanitation. ZDM is doing everything possible to source more funding, but at the present forecasts for future funding, indicates that all residents will only be receiving these services in years to come. ZDM has over the years built up a reputation that all grants for infrastructure were spent in the financial year the funding was received.

Although we can boast with more accolades received, e.g. the 3rd best Integrated Development Plan (IDP) in Kwazulu-Natal, visits from municipalities of other provinces to learn from ZDM's systems etc. I don't think it would be fair to boast when there are still enormous challenges and shortcomings that need to be addressed.

There is no time to rest. We are in the service of the residents of Zululand and I commit myself and the Management team to do everything possible to ensure that they are served to the best of our ability and always with integrity.

Lastly, this was the year in which our then Mayor was elected to serve her Party, the NFP, in parliament. The fact that she was immediately appointed as Deputy Minister of Science and Technology proves her abilities. I worked with Ms Magwaza-Msibi for 19 years and I am not surprised that her potential was noted by the Honourable President. The relationship and the way we worked together is something that is surely going to be missed by myself. I wish her well in her political career.

However, I am pleased the newly appointed Mayor, Cllr MA Hlatshwayo, is well known by me. I know that we are joining hands for the sake of the community we serve. We also worked together for many years in the past. I have no hesitation in assuring all that together we are going to ensure that the good work done in the past will be improved on.

I want to re-iterate that ALL of the Zululand District Municipality team are ready to continue to work hard and make a difference to the residents of Zululand.

Mr J. H. de Klerk

Municipal Manager

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

No.	Functions as per the Constitution of the Republic of South Africa; Municipal Structures Act	What has been done?
1.	Integrated development planning for the district municipality	Regional/Sectoral Planning, Spatial Planning Land Use Policy
2.	Bulk supply water	Provision and regulation
3.	Bulk sewage purification works and main sewage disposal	Provision
4.	Municipal (district) roads	Not yet defined
5.	Regulation of passenger transport services	planning of infrastructure Regulating (permits, control)
6.	Municipal airports (regional)	operation, management
7.	Municipal health services	Limited to Environmental health services and Includes regulation of Air and noise pollution, storm water management, water and sanitation, refuse and solid waste disposal
8.	Fire fighting services	Planning, coordinating and regulating Standardization of

		infrastructure, vehicles and procedures Disaster Management Plan
9.	The establishment, conduct and control of fresh produce markets and abattoirs serving the area of the district municipality	The need for a regional fresh produce market does not exist.
10.	The establishment, conduct and control of cemeteries and crematoria	The study revealed that there is no need for a regional cemeteries
11.	Promotion of local tourism for the area of the district municipality	Co-ordination, strategic planning
12.	Municipal public works relating to any of the above functions or any other functions assigned to the district municipality	construction and maintenance of public infrastructure and facilities
13.	The receipt, allocation and if applicable the distribution of grants made to the district municipality	The grants gazette for ZDM are received and spent according the grant conditions. ZDM does not distribute grants.

1.3.1 Key issues from the table above

Water and Sanitation

In terms of municipal service provision i.e. water and sanitation, the Zululand District Municipality is a water service authority. Most of the district population is indigent which throws a challenge towards long term, sustainable water service provision. Nonetheless, this does not prevent the municipality providing the entire population in the district free basic water and sanitation.

The municipality has also regularly spent its entire MIG allocation towards establishing a reliable and quality water service to its citizens.

Integrated Development Planning

Integrated Development Planning is constantly improving with the district refining its co-ordination role in so far as infrastructure, spatial, community and environmental planning is concerned. Several structures including portfolio committees and administrative have been meeting regularly within these sectors to ensure vertical and horizontal alignment of service delivery within the district.

1.3.2 VISION , MISSION , AND VALUES

The ZDM Council adopted the following long- term development vision.

"We are the ZULULAND region and proud of our heritage. We are mindful of the needs of the poor and we seek to reflect the aspirations of our communities. We are committed to responsible and accountable actions, tolerance and concern for racial harmony, the protection of our environment, and the strengthening of the role of woman and youth. We will strive to improve the quality of life in Zululand by providing sustainable infrastructure, promoting economic development and building capacity within our communities"

`WE SERVE THE PEOPLE`

MISSION

To create an affluent district by:

- Provision of optimal delivery of essential services
- Supporting sustainable local economic development , and
- Community participation in services delivery.

Core values

- Transparency
- Commitment
- Innovation
- integrity
- Co-operation

The above vision strategic focus areas of the Zululand District Municipality are:

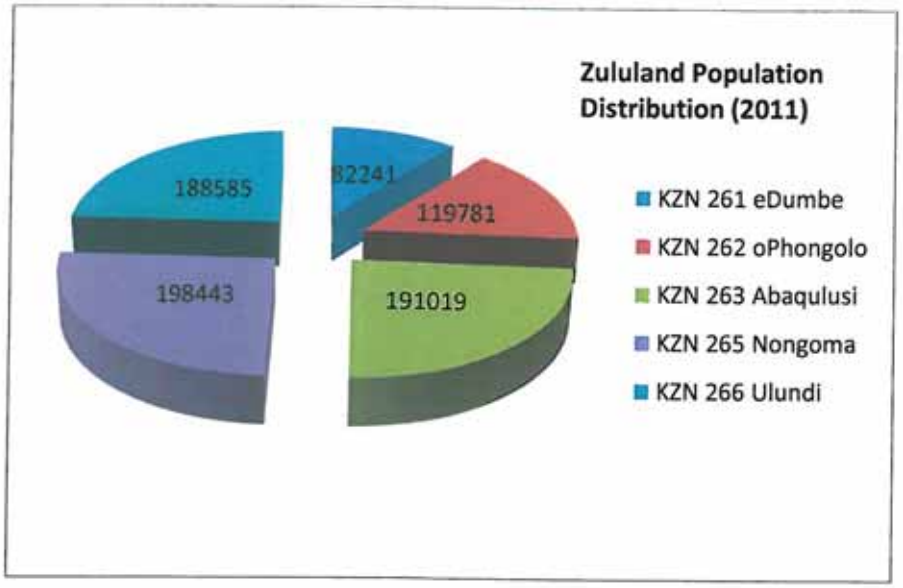
- To facilitate the delivery of sustainable infrastructure and services
- To promote economic development
- To promote social development

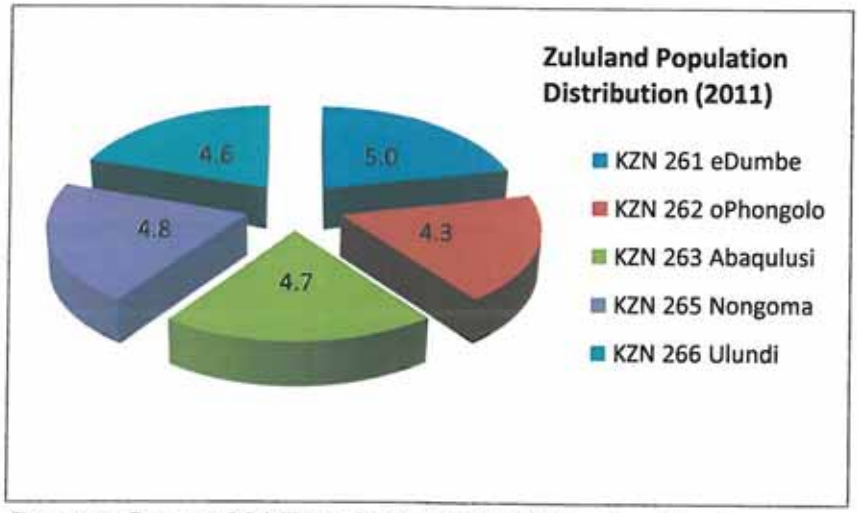
These focus areas are broken down to objectives and strategies, which is used to set KPI's for the measurement of the Municipality's performance, and progress with its service delivery mandate. It is important to note that the national KPAs as set that relate to community participation, good governance, municipal transformation and financial viability are considered as of a cross-cutting nature and therefore form an integral part of each of the strategic focus areas:

1.3.3 Population Profile

MDB Code	**Municipality**	**Population**	
Year		**2001**	**2011**
KZN 261	eDumbe	82241	82053
KZN 262	oPhongolo	119781	127238
KZN 263	Abaqulusi	191019	211060
KZN 265	Nongoma	198443	194908
KZN 266	Ulundi	188585	188317
DC 26	**Zululand**	**780069**	**803575**
RSA	South Africa	44819777	51770561
KZN	KwaZulu Natal	9584129	10267300

Source: Census 2011Population Distribution Graph





Source: Census 2011 **Population Distribution by Gender**

MDB Code	Municipality	Sex Ratio	
		Males per 100 females	
Year		2001	2011
KZN 261	eDumbe	89.7	88.2
KZN 262	oPhongolo	88.3	88.5
KZN 263	Abaqulusi	91.4	90.9
KZN 265	Nongoma	80.2	83.2
KZN 266	Ulundi	81.4	82.4
DC 26	**Zululand**	**85.4**	**86.3**
RSA	South Africa	91.7	94.8
KZN	KwaZulu Natal	87.7	90.5

Source: Census 2011

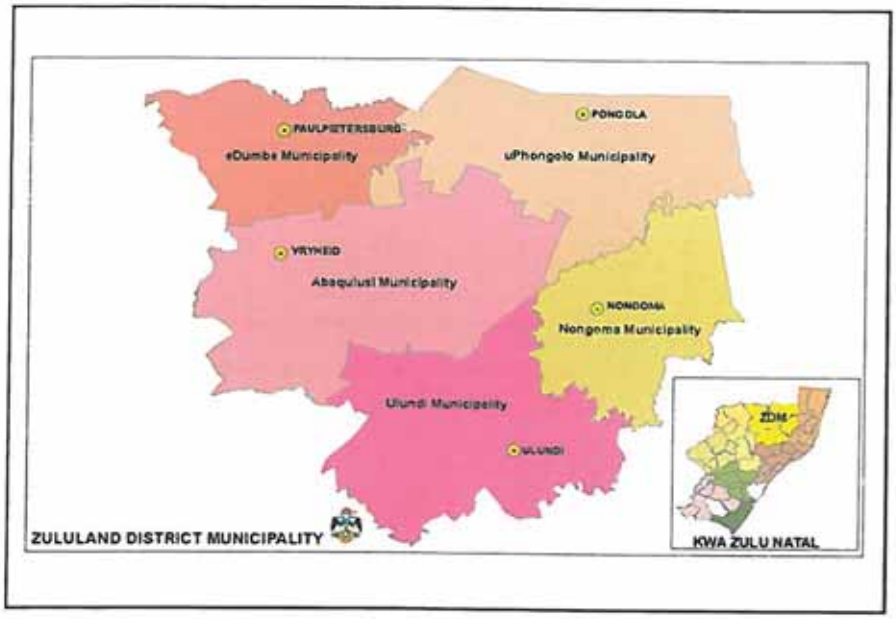
Gender proportions in Zululand indicate that there is as higher proportions of females as compared to males. The highest number of females (131,599) is found in Nongoma and the majority of males are concentrated in Abaqulusi
Gender proportions for each municipality and from the table demonstrate that there is significant variation among the municipalities. Abaqulusi (90.9%) oPhongolo (88.5%) and eDumbe (88.2%) have relatively high proportions of females in their respective populations.

It is a known trend that women are classified under disadvantaged groups and with them being in the majority the municipality has devised several programmes and interventions to address the plight of women in the district.

Age dependency ratio
With the graph below it is evident that the Zululand District Municipality has one of the highest dependency ratios between children and adults respectively. This demonstrates a need to sustain social development programmes and support to communities by the municipality and its stakeholders (see strategic plan and budget).

MDB Code	**Municipality**	**Dependency Ratio per 100 (15-64)**	
Year		**2001**	**2011**
KZN 261	eDumbe	87.0	81.7
KZN 262	oPhongolo	82.0	77.3
KZN 263	Abaqulusi	73.9	70.5
KZN 265	Nongoma	103.8	88.0
KZN 266	Ulundi	91.9	81.1
DC 26	**Zululand**	**87.9**	**79.2**
RSA	South Africa	58.7	52.7
KZN	KwaZulu Natal	65.4	58.5

Source: Census 2011



1.4 FINANCIAL HEALTH OVERVIEW.

Audit Outcome

- The district has maintained its record of 13 consecutive unqualified audit outcomes since from the year 2000/2001 to 2012/2013. The 2013/2014 report is pending the finalization of the audit.

Analysis of Debtors & Billing

Collection of Outstanding debtors remains a challenge. However, these debtors have been categorized into indigent, deceased, and child headed households and untraceable. Council has resolved that indigent debtors be written off upon application. In addition most of the outstanding debtors are on permanent restriction and are receiving the 6kl free basic water. For non-domestic consumers, the credit control procedures and disconnections are applied vigorously. Total debt outstanding has been categorized as follows:

Regular Payers	1 288 885.13

Irregular Payers	10 017 464.00
Doubtful non-payers	56 144 320.67

- The billing procedures have been improved to include the on-going scrutiny of variance reports prior to the finalisation of the billing process. The credit control policy implementation has resulted into the reduction of billed revenue primarily because some of the consumers are more than keen to live on free water. As a result, the planned billing did not materialise. This has had the effect of reduced billing and reduced water losses.
- While long outstanding debtors remain a challenge, credit control measures have been stepped up to ensure the realisation of billed revenue.
- The collection rate has also improved.

Cash Position

- The cash position has slightly deteriorated due to the fact that available cash resources at year-end were used to front-load MIG projects. This temporal cash setback will be corrected in July 2014. The district does not have an overdraft and there is only a
- book-overdraft as per the Annual Financial Statements.

Supply Chain Management

- The Supply Chain Management system is functioning properly including the committee system.

Net Asset

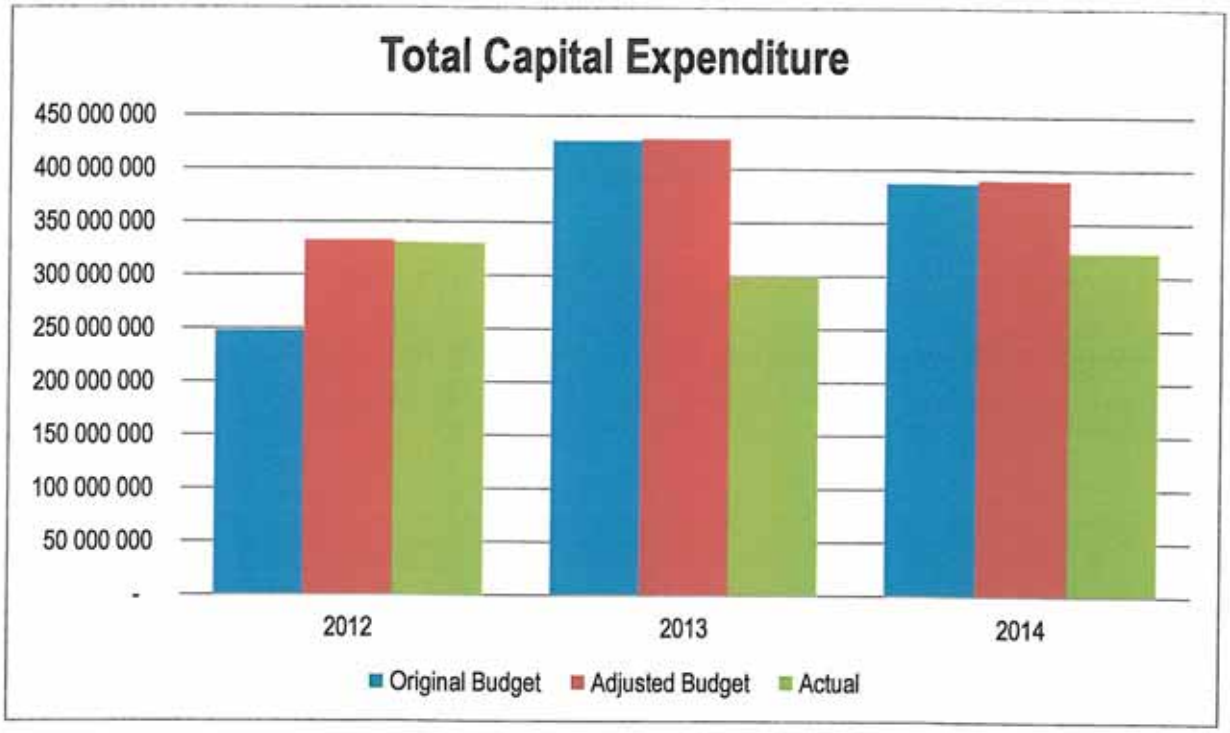
- Net assets of the municipality amounts to R1.9 billion which indicates the level of both infrastructure and other liquid assets.

Financial Overview: Year 2013/14			
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	656 056 000	673 068 025	673 068 025
Taxes, Levies and tariffs	48 555 431	48 555 431	34 015 377
Other	139 796 989	147 746 989	27 864
Sub Total	**844 408 420**	**869 370 444**	**707 111 266**
Less: Expenditure	**452 427 018**	**464 641 018**	**521 790 966**
GAINS/ (LOSSES)			1 023 291
Net Total*	**391 981 402**	**404 729 426**	**186 343 591**
** Note: surplus/(defecit)*			*T 1.4.2*

Operating Ratios	
Detail	**%**
Employee related costs	25.05%
Remuneration of councilors	1.21%
Contribution to Doubtful debts	0.00%
Depreciation and amortisation expense	5.74%
Repairs and maintenance	9.20%
Finance costs	0.00%
Bulk purchases	14.73%
Contracted services	2.62%
Grants and subsidies paid	0.36%
General expenses	41.10%
	0%
Total	**100%**

T1.4.3.

Total Capital Expenditure: Year -2012 to Year 2014			
Detail	**2012**	**2013**	**2014**
Original Budget	248 052 000	426 935 152	387 428 401
Adjusted Budget	332 562 000	428 390 152	390 328 401
Actual	330 546 081	299 199 152	323 187 861
			T 1.4.4



1.5 AUDITOR GENERAL REPORT

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON ZULULAND DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Zululand District Municipality set out on pages x to x, which comprise, the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013)(DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Zululand District Municipality as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Additional matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

8. The supplementary schedules set out on pages xx to xx do not form part of the financial statements and is presented as additional schedules. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the Zululand District Municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2014:

 - Development priority 1: Infrastructure and services on pages x to x
 - Development priority 2: Economic, agriculture and tourism on pages x to x
 - Development priority 3: Social development and food security on pages x to x

12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information.*

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

15. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected development priorities.

Additional matters

16. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below:

Achievement of planned targets

17. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

Material adjustments to the annual performance report

18. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for infrastructure and services; economic, agriculture and tourism; and social development and food security. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

19. The supplementary information set out on pages x to x do not form part of the annual performance report and is presented as additional information. I have not audited this information and accordingly, I do not express a conclusion thereon.

Compliance with legislation

20. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

21. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

OTHER REPORTS

Investigation

22. The municipality appointed an independent consulting firm to perform an investigation into alleged misappropriation of the municipal assets, covering the period 23 January 2012 to 31 July 2014. The investigation was concluded on 31 October 2014 and resulted in disciplinary proceedings being instituted against two employees. These proceedings are currently in progress.

Auditor General

Pietermaritzburg

28 November 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

1.5.1 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4th quarter Report for previous financial year	
4	Submit draft 08/09 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	January

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

FINANCIAL COMPETENCY DEVELOPMENT : PROGRESS REPORT*

2.1 INTRODUCTION TO POLITICAL GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Executive Committee, Speaker and the Municipal Manager



Standing from L-R: Cllr ME Khumalo, Cllr BB Zwane, Cllr SS Ntombela and Cllr SE Nkwanyana

Seated from L-R: The Municipal Manager- Mr. JH de Klerk, the Honourable Mayor-Cllr MA Hlatshwayo, the Deputy mayor- Cllr SE Qwabe and the Honourable Speaker, Cllr OV Mbuyisa.

2.2 EXCO Members

MAYOR

CLLR MA HLATSHWAYO

DEPUTY MAYOR

CLLR SE QWABE

Function

SPEAKER

CLLR OV MBUYISA

MEMBERS OF THE EXECUTIVE COMMITTEE

CLLR SE NKWANYANA

CLLR BB ZWANE

CLLR SS NTOMBELA

CLLR ME KHUMALO

- The Council of the Zululand District Municipality consists of 35 Councilors, 40% of which are proportionally elected and 60% elected to the district municipality from respective local municipalities. The Council is chaired by the Speaker, The Honourable Cllr OV Mbuyisa.
- The Executive Committee is chaired by His Worship The Mayor, Cllr MA Hlatshwayo. The political parties represented in our council are the IFP (14), NFP (10), ANC (10) and the DA with (1) Councilor(s) respectively.

2.3 Members of the Full Council

	POLITICAL PARTY	SURNAME	NAME	%
DC26	ANC	Zulu	Richard Mxolisi	DC "40%"
DC26	ANC	Mabaso	Maria Buyisile	DC "40%"
DC26	ANC	Khumalo	Mkhawuleni Ettuel	DC "40%"
DC26	ANC	Lushaba	Mavis Thabisile	DC "40%"
DC26	IFP	Buthelezi	Phumzile TAN	DC "40%"
DC26	IFP	Mjaja	July Nelson	DC "40%"
DC26	IFP	Zwane	Bongiwe Benedicta	DC "40%"
DC26	IFP	Mncwango	Bhekithemba Jerome	DC "40%"
DC26	IFP	Lukhele	Thembelihle Brenda	DC "40%"
DC26	IFP	Nkwanyana	Sibusiso Elwin	DC "40%"
DC26	NFP	Ntombela	Sphamandla Siyethemba	DC "40%"
DC26	NFP	Hlatshwayo	Mpiyakhe Alson	DC "40%"
DC26	NFP	Dumakude	Lucky Sithembiso	DC "40%"
DC26	NFP	Mbuyisa	Vusumuzi Osborn	DC "40%"
Abaqulusi	ANC	Ntshangase	Mncedisi Simon	LC"60%
Abaqulusi	ANC	Qwabe	Sesi Esther	LC"60%
Abaqulusi	DA	Bunge	Terrence Raymond	LC"60%
Abaqulusi	IFP	Buthelezi	Zaminhlahla.Simon	LC"60%
Abaqulusi	IFP	Mhlungu	Richman Bonginhlanhla	LC"60%
Abaqulusi	NFP	Hadebe	Israel Sizwe Muziwandile	LC"60%
Pongolo	ANC	Nhlabathi	Bawinile Cycilia	LC"60%
Pongolo	IFP	Mntungwa	Mbongiseni Milton	LC"60%
Pongolo	NFP	Nxumalo	Kwenzakakufani Ezaro	LC"60%
eDumbe	ANC	Mbatha	Ilgo Abel Thulani.	LC"60%
eDumbe	NFP	Nhlabathi	Nomsa Margaret	LC"60%
Nongoma	ANC	Xaba	Nomusa	LC"60%
Nongoma	IFP	Khumalo	Tholi Jane.	LC"60%
Nongoma	IFP	Dlamini	Qedi Maxwell	LC"60%
Nongoma	NFP	Zulu	Sbusiso Johnson	LC"60%
Nongoma	NFP	Zulu	Nomsa Fikile	LC"60%
Ulundi	ANC	Siyaya	Zanele	LC"60%
Ulundi	IFP	Buthelezi	Mkhawuleni Ezrom	LC"60%
Ulundi	IFP	Mkhize	Thokozani Kenneth	LC"60%
Ulundi	IFP	Ximba	Sindisiwe Pearl	LC"60%
Ulundi	NFP	Khumalo	Themba Lillian	LC"60%

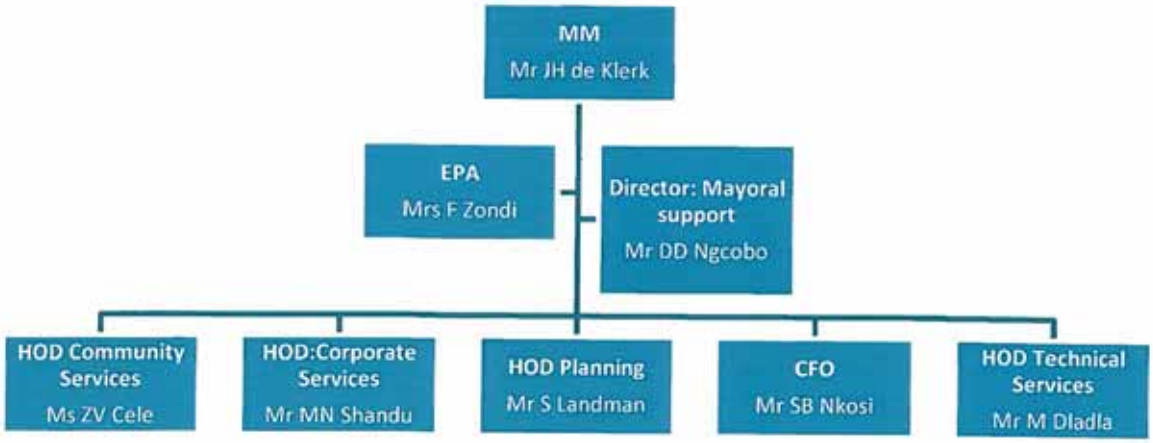
POLITICAL DECISION TAKING

- Items are submitted through the relevant Portfolio Committee who then make recommendations to the Executive Committee which takes final decisions for implementation on matters delegated to them, and those not delegated are recommended to the Full Council for consideration. 100% of Council Resolutions were implemented in terms of decisions taken.

POLITICAL DECISION TAKING

- Items are submitted through the relevant Portfolio Committee who then make recommendations to the Executive Committee which takes final decisions for implementation on matters delegated to them, and those not delegated are recommended to the Full Council for consideration. 100% of Council Resolutions were implemented in terms of decisions taken.

2.4 ADMINISTRATIVE GOVERNANCE



2.5 CORPORATE SERVICES



Mr M Shandu

Headed by Mr Michael Shandu, Corporate Services Department's core function is to provide support to all the Departments within the Zululand District Municipality to ensure efficient and effective delivery. It consists of divisions, namely Management Services, Auxilliary Services, Disaster Management and Airport Services.

2.5.1 MANAGEMENT SERVICES

The responsibility of the Management Division include the following:

- **Human Resources** – this section provides the necessary human capital for the municipality by recruiting and selecting employees, Employee Assistance Programme as well as the management of staff benefits.
- **Labour Relations** - has aided the municipality to improve the levels of discipline and productivity of employees
- **Customer Care** – receiving, recording and assigning customer queries for imementation and action by the relevant department until finalization of issue by continuous follow up to ensure customer satisfaction.
- **Skills Development and Training** – is responsible for conducting Skills Audit on all employees within the Municipality, advancing the skills of the employees of the Municipality through Training and facilitating awarding of Tuition Assistance and financial assistance to learners.
- **Committee Management** – is responsible for minute taking for all Council meetings i.e Executive Committee, Council, Portfolio Committees and Sub-Committees. Efficient Secretariat Support to the Municipal Council and its committees
- **Interpretation** – providing interpretation services during council meetings and interpretation of documents

Part of the responsibilities of this functional area is to ensure that Council policies are observed including the standing rules of order, and providing general administrative support to the municipality.

2.5.2 AUXILLIARY SERVICES

The responsibility of the Auxiliary Services Division include the following:

- **Records** – ensuring the receipt, distribution and safekeeping of all official documentation of the municipality. The municipality's Electronic Records Management System (EDMS) has resulted in quick and easy cross-referencing and improved service delivery and transparency when it comes to information management, accessing important documents as well as the benefit of having fast workflow distribution to all relevant departments, sharing and searching for information and finally providing feedback rapidly and effectively. In an attempt of going green, one of the main benefits of this system is the minimization of paper copies and the provision of an audit trail on all documents and correspondence.

- **Switchboard** – ensuring that phone calls are directed efficiently and that customers are assisted upon entry to the municipality's offices

- **Transport** – manages the maintenance and operations of all council vehicles. The Zululand District Municipality has a total of 106 vehicles, the bulk of these vehicles are allocated to Technical Services. The Municipality also has 10 tractors- 5 of which are used for assisting the community gardening projects whilst the remainder are used for various municipal duties.

- **Printing and messenger services** – providing printing and messenger services to the municipality by ensuring that all units have access to printing documents, collating all council agenda's by maintaining stock levels adequate to meet the demands of the municipality and associated daily printing.

2.5.3 DISASTER MANAGEMENT DIVISION

The core function of Disaster Management Division is to address the following issues, namely:

- Conducting Disaster Awareness throughout the district
- Attending to all disaster incidents in the district,



The most common disasters in the Zululand District Municipality are the natural disasters such as the lighting, storms and strong winds. The municipality attempts to assist victims in conjunction with the Provincial Disaster Management Centre by providing disaster relief equipment such as tents, plastic sheeting

and food parcels for the victims. The centre boasts its own Fire Engines and vehicles to attend to disasters.

Zululand District Municipality managed to assist all local municipalities during the 2013/2014 financial year. The ZDM team assessed all the reported incidents on time and responded to all fires reported by dispatching units accordingly.

Relief material was provided per local municipalities to assist the victims as follows:-

Blankets	Tents	Plastic Sheets
120 per Local Municipality	40 per Local Municipality	40 per Local Municipality
Total 600	**Total 200**	**Total 200**

Disaster awareness campaigns were conducted successful at schools and the local tribal authorities. Advisory Forums meetings, Disaster Management Health and Safety Portfolio Committee meetings and ZDM Practitioners meeting were also conducted successfully. The municipality is prepared for the management of disasters within the district.

2.5.4 PROVISION OF AIRPORT SERVICES

Airport Services consist of Airport Operations that include Admin Support, Rescue and Fire Fighting compliant to all relevant SACAA Regulations including pertinent ICAO and SA-CATS requirements for limited Category 4 operation, airport infrastructure required to operate the facility in its designated category of operation in a safe and legal manner as per ICAO Annex 14, SA CAA Regulations / CATS, Refuelling Services and flight operations by Federal Air.



The District has managed to make the airport a gateway to Zululand through Federal Air that is operating scheduled chartered flights connecting the District to the business hubs i.e. Durban, Pietermaritzburg and the recently added Johannesburg route. This has led to the signing of a lease agreement between the Zululand District Municipality and a renowned car rental company to cater for passengers coming into the District.

Rehabilitation of this state of the art facility (especially flight related infrastructure) has increased the frequency of Red Cross flights in and out of Ulundi. These normally bring relief doctors in the morning to assist in nearby hospitals each day and are flown out in the afternoon, which is a big plus in rural hospitals that mostly run with a bare minimum number of Doctors that are mostly overworked. The same institution also assists this part of the

Province with efficient emergency services when patients need to be flown to institutions that are equipped for advanced medical interventions.

The Airport continues to receive publicity through two yearly spectacular events i.e. the Air Show and the Air Race, with the recent Air Show being the last one since the contract was to run for three years. These events are also intended to serve as a tool to introduce young South Africans to the career opportunities available in the aviation industry through learners programs run by the Air Show Organizers in collaboration with the Zululand District Municipality and Federal Air. This year 63 learners from rural schools who had never experienced flying, were flown around in Federal Air's Caravan for the first time.



The Zululand District is rich in Heritage, Zulu Historical sites as well as Natural Tourists attractions and these are being vigorously marketed with an aim of attracting domestic and international tourists. The Airport has been advertised in an international magazine, the Global Aviator and also has the FLY ZULULAND Facebook Page that is continually updated with new developments especially flight related matters.

2.6 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

There are effective structures in place which support the co-operative governance and intergovernmental relations concept; however some challenges are being experienced in terms of the lack of knowledge of the aforementioned concepts from both provincial and local municipal structures.

T2.3.0

2.6.1 INTERGOVERNMENTAL RELATIONS

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

1. Premiers Coordinating Forum
2. Provincial Disaster Management Advisory Forum
3. Provincial Aids Councils
4. Inter Departmental Committee: HIV/Aids
5. Provincial IDP Coordinating Committee
6. Provincial Batho Pele Forum

DISTRICT INTERGOVERNMENTAL STRUCTURES

Planning department

1. District Planners Forum
2. IDP Representative Forum
3. Pongola Port dam Inter Municipal Forum
4. Zululand / Umkhanyakude cross boundary bulk water supply Technical Committee

Community Services

Social Services

1. Human rights forum
2. Sports forum
3. Gender forum
4. Youth Council
5. Men's forum (about to be launched)
6. District Aids Council
7. Local Aids Council

LED Section

1. Tourism forum

2. Agricultural forum
3. Business forum

Corporate Services

Corporate Services Technical Forum
District Disaster Management Advisory Forum
District Disaster Management Practitioners Forum
Skills Development Facilitators Forum

Finance

District CFO Forum: This forum comprises of all CFO's in the district.
Office of the Mayor and Municipal Manager

District Coordinating Forum
Mayors Coordinating Forum
MM's Technical Committee

2.7 BY-LAWS

By-laws introduced in 2008					
Newly developed	**Revised**	**Public Participation Conducted Prior to Adoption of by-Laws (Yes / No)**	**Dates of Public Participation**	**By-Laws Gazetted (Yes / No)**	**Date of Publication**
Water services policy including tariffs, credit control policy and debt collection policy.	Awaiting revision	Yes	April 2008	Yes	14 November 2008
					T2.9.1

2.8 HUMAN RESOURCE SERVICES

2.8.1 EMPLOYEES

Employees: Corporate Services					
	2012/2013	2013/2014			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
	57	57	57	0	0%

Employees: Planning and Development					
	2012/2013	2013/2014			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
	21	21	21	0	0%

Employees: Technical					
	2012/2013	2013/2014			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
	336	340	340	0	0%

Employees: Finance					
	2012/2013	2013/2014			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
	49	50	50	0	0%

Employees: Community Services					
	2012/2013	2013/2014			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
	36	36	36	0	0

2.8.2 SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

KPA NO	National General Key Performance Areas	FA No	Focus Area	Key Objective	Strategy	Action
3.1	Institutional Transformation	3.1.1	Employment Equity	To transform the organisation	To assess & review race, gender & disability imbalance	Regularly review & implement Employment Equity Plan
			Skills development & Capacity Building	To develop capacity in the organisation for effective service delivery	To assess & review skills development needs and address the gap	Annual review and implement Skills Development Plan
					To provide social support to employees	Regularly review and implement Employee Assistance Policy

2.8.3 Vacancy rate			
Designation	*Total Approved Posts No.	*Variances (Total time that vacancies exist using fulltime equivalents) No.	*Variances(as a proportion of total posts in each category) %

Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	5	0	0%
Other S57 Managers (Finance posts)	**0**	0	0
Fire Fighters	10	01	10%
Senior management: Level 13 – 15 (excluding Finance posts)	13	1	8%
Senior management : Level 13 – 15 (Finance posts)	2	0	0
Highly skilled supervision: levels 9 – 12 (excluding finance post)	50	2	4%

Details	Total appointment as of beginning of financial year.	Terminations during the Financial year.	Turn - over Rate
2013/2014	**791**	**70**	**9%**
2012/2013	**792**	**55**	**7%**
2011/2012	**732**	**93**	**13%**
2010/2011	**626**	**168**	**27%**
2009/2010	**684**	**84**	**12%** **T4.1.3**

2.8.4 FINANCIAL COMPETENCY DEVELOPMENT : PROGRESS REPORT*						
Description	**A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))**	**B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))**	**Consolidated : Total of A and B**	**Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d)**	**Consolidated : Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))**	**Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))**
Financial Officials						
Accounting officer	1		1	1	1	1
Chief financial officer	1		1	1	1	1
Senior managers	4		4	2	4	2
Any other financial officials	2		2	2		In process still
Supply chain management officials						
Heads of supply chain management units						
Supply chain management senior managers						

2.8.5 Skills Development Expenditure

R'00

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57 & HOD's	Female	1			0	0	0	0	0	
	Male	4			10000	0	0	0	0	
Councilors	Female	15			11429	20356	0	0	0	
	Male	20			27000	44780	0	0	27000	4478
Professionals	Female	11	133550	68416	3990	28945	3333	247	140873	9760
	Male	17	0	0	9243	41293	0	0	9243	4129
Technicians and associate professionals	Female	13	107008	99106	10000	14618	3333	427	120341	11415
	Male	27	107008	143836	14833	27646	3333	766	125174	17224
Clerks	Female	45	451073	455764	52778	66801	0	572	503851	52313
	Male	27	262943	240598	15000	10423	0	260	277943	25128
Community Service workers	Female	8	0	0	7416	9985	0	0	7416	998
	Male	50	0	0	68758	114520	0	0	68758	11452
Plant and machine operators and assemblers	Female	11	22222	36420	17500	35126	0	0	39722	7154
	Male	86	177778	285360	42500	84968	0	0	220278	37032
Elementary occupations	Female	43	0	0	0	0	2500	4506	2500	450
	Male									
Sub total	Female	93	691631	623286	85613	140705	6666	1246	783910	76523
	Male	145	369951	384434	144834	238662	3333	1026	518118	62412
Total		238	1061582	1007720	230447	379367	9999	2272	1302028	138935
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R

T4.5.

2.8.6	FINANCIAL COMPETENCY DEVELOPMENT : PROGRESS REPORT*					
Description	**A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))**	**B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))**	**Consolidated : Total of A and B**	**Consolidated : Competency assessments completed for A and B (Regulation 14(4) (b) and (d)**	**Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))**	**Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))**
Financial Officials						
Accounting officer	1		1	1	1	1
Chief financial officer	1		1	1	1	1
Senior managers	4		4	2	4	2
Any other financial officials	37		37	11		In process still of finalisation of the balance of learners
Supply chain management officials						
Heads of supply chain management units						
Supply chain management senior managers						

2.8.7 Number of Employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled	M-F	n/a
Skilled	M-F	n/a
Highly Skilled production	M-F	n/a
Highly skilled supervision	M-F	n/a
Senior management	M-F	n/a
MM and S57	M-F	n/a

2.9 TOP ADMINISTRATIVE STRUCTURE

Municipal Manager

Mr J.H de Klerk



Head of Department Corporate Services

Mr MN Shandu



Chief Financial Officer

Mr S.B nkosi



Head of deparment : Technical Services Mr MH Dladla



Head of deparment : Community Services Ms Cele



Mr S . Landman



Head o

2.10 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	No
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

T2.5.1

2.11 CORPORATE GOVERNANCE

1 RISK MANAGEMENT

As required by MFMA S62 (i) (c), Zululand District Municipality has maintained an effective system of risk management. Through assistance from KZN Provincial Treasury ZDM conducted Risk Assessment annually. The Risk Assessment exercise consists of both business and financial risks where all service departments participated to identify risks within their respective unit. Audit and Performance Management Committee (APMC) was established to advise on matters relating to risks management. The Municipality maintains an effective (out-sourced) Internal Audit whose performance is evaluated annually by the APMC.

In September 2013, risk assessment for 2013/14 financial year was conducted and the following were the top five (5) risks identified as per their inherent nature;

- Ineffective expenditure management
- Non compliance with Supply Chain Management and delays in acquiring goods and services.
- Non reviewal of policies and by-laws.
- Ineffective fleet management.
- Failure to ensure capacity and development of skills within the organization.

2.11.2 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Zululand District Municipality maintains Fraud Prevention Strategy which has been reviewed with no amendments during the current financial year. Emanated from the Fraud Prevention Strategy which has been communicated to all staff members, management has the following strategies to detect fraud;

1. The vigilance on the part of employees, including line management.
2. The Internal Audit function
3. Ad hoc management review.
4. Anonymous reports.
5. The application of detection techniques.

Segregation of duties, Risk Management and Internal controls have been identified as key controls in the prevention of corruption and fraud.

The municipality has an outsourced Internal Audit function.

2.11.3 SUPPLY CHAIN MANAGEMENT

The implementation of the Supply chain Management is progressing well. The SCM policy was amended on 29 May 2013 to include the Preferential Policy Framework Act (PPPFA) regulations and the Bid appeals Tribunal that was approved in conjunction with the KZN Provincial government.

The amended policy was effective during the 2014 financial year. In the past years, ZDM incurred irregular expenditure as a result of appointing service providers whose members are in the service of the state. However, the SCM systems have been improved by procuring a credit bureau system that enables ZDM to check the status prior to the appointment.

The Deviations register has now been mechanised. The problems associated with the loss/disappearance of the deviation register have been resolved. Moreover, this is a web based system. Therefore the Accounting officer can approve at any place if there is an internet connection. The deviations are on a regular basis.

The quotations register was re-designed and quotations as reported in sequence in the finance report to ensure completeness. The same procedure is applicable to bids.

Council approved the post of Chief Accountant SCM in the 2014/2015 budget to assist with the resolution of weakness identified by KZN Provincial Treasury.

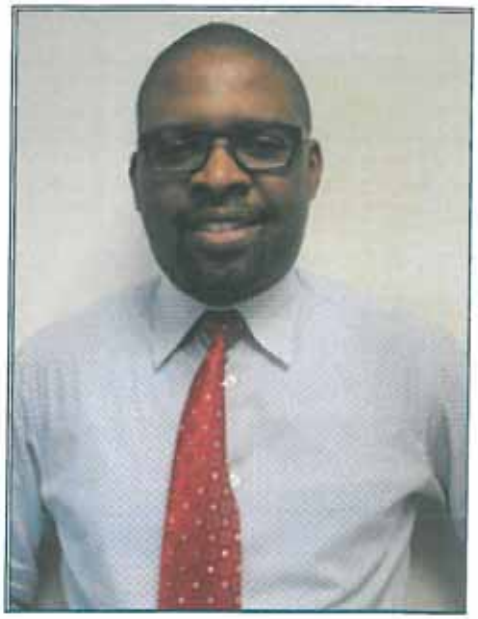
The SCM unit is housed under the direct control of the budget and Treasury office, headed by the CFO. Most SCM officials have undergone minimum competency training some have met the requirements and others are about to complete the training. Councillors are not members of Bid committees.

2.12 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	Yes	29 May 2013
All current budget-related policies	Yes	29 May 2013
The previous annual report (Year 1213)	Yes	30 Jan. 2014
The annual report (Year 2013/14) published/to be published	Yes	31 Jan 2014
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	01 July 2013
All service delivery agreements (Year 0)	Yes	01 July 2013
All long-term borrowing contracts (Year 0)	No	no
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	Once appointed
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	No
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	No
Public-private partnership agreements referred to in section 120 made in Year 0	No	No
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	yes	Once tabled

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments. *T 2.10.1*

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)



COMPONENT A: BASIC SERVICES

3.1 INTRODUCTION TO BASIC SERVICES

Whilst it is acknowledged that Zululand District Municipality has been hurdled by various service delivery unrests during the previous fiscal year, but remains at the helm as one of the most rapidly developing and service delivery proficient municipalities in KZN infrastructural, with a slow paced advance currently estimated at 80% of the district being rural and still quite under developed. Particular focus is aimed at Water and Sanitation Services which are provided through the implementation of Regional Water Supply Schemes Programme (RWSS), Rudimentary Water Supply Schemes (Interim) and Sanitation (VIP Toilet) Programme.

The RWSS programme provides the services to consumers by installing the yard taps as a long term plan for the District whereas the Interim Programme is deemed to comprise a combination of communal standpipes within 800m walking distances to fetch water and provision is also made for Sanitation services in form of a VIP Toilet Programme.

Resemblance is drawn with RWSS but the principle of interim services initiative acknowledges a fact that there are large numbers of communal settlements that would have had to wait years to be addressed with basic services, but given their location in relations to socio and economic opportunities, Zululand District Municipality continues to provide them with interim services so that they are immediately addressed, and they should by no means be interpreted as a substitute for the Regional Development Plan for the District.

A table below reflects a notable comparative reduction in the percentage backlogs reduction, estimated at 2,5% in water and 2-3% in sanitation per annum.

Basic Services	Existing Backlog (Households) as at 30 June 2013	Existing Backlog (Households) as at 30 June 2014
Water	38 706	58559
Sanitation	56 757	56757

Out of a total of 39 Water and Waste Water Treatment Works (W/WWTW), Ulundi WTW is the largest with a design capacity of 25Mℓ/Day. This treatment plant has been compromised by repeated power outages from ESKOM on an average of two whole day(s) per week, and as this is still continuing, it has led to severely intermittent water supply challenges, massively. In this regard, Zululand District Municipality has made yet another remarkable intervention by acquiring a fuel operated stand by engine that will cover a whole Water Works during these ESKOM outages. The entire implementation budget cost allocated for this project was in an excess of R 8 Million which was co-funded with, by the Department of Water & Sanitation formerly known as DWA to assist and secure its full execution.

Zululand District Municipality is also elated by the imminent commissioning of a 54 Mℓ Klipfontein Water Treatment Plant, with a project cost of R 85 Million. This remarkable water treatment facility is expected to improve water supply massively and will cover a whole of Mondlo and some larger parts of Abaqulusi Local Municipality.

Further to that, Zululand District Municipality implements its own internally funded CAPEX Projects Programme. As alluded to previously, a large number of settlements within ZDM are located to extremely out skirted rural areas, which makes access to basic education difficult and to a larger extent impossible, due to lack of basic and pre-educational and facilities to these areas.

It is for this reason that ZDM identified a need to build crèches and some classes extensions where necessary, implemented under this programme which is monitored through the Municipality's CAPEX and WATER PROVISION PORTFOLIO COMMITTEE that receives quarterly feedback on progress of projects and its ultimate aim is to achieve 100% capital spend and to assess if any carry overs and budget relocations. This has proved to be an effective strategy to improve capital budget spend and thereby meeting the Government on its educational goals.

3.2 WATER PROVISION

In this Annual Report, ZDM would like to share its vision and goal to become top three Municipalities in the Blue and Green Drop Assessments, come the near future.

These assessments bring about an opportunity for all our basic service delivery initiatives to be bench marked and examined towards achieving a common goal that is proficient, efficient and effective delivery of basic services. These assessments also involve audits for the management of Wastewater and the scope of work entailed in the treatment of waste waters before discharging back to our rivers.

Blue Drop/Green Drop Assessment Report for the 2013 Assessment Year showed a highly concerning decline from previous years but his has yielded an opportunity for the municipality to regroup and be on course on common determination to improve the effectiveness of the management of the Water & Sanitation supply services, for the benefit of the people that are serve.

We are also impelled by this achievement goal that we are determined to effect improvements on other operational areas such as Non-Revenue and Unaccounted for Water.

3.3 WATER LOSS PROGRAMME

Zululand District Municipality implemented an UAW Programme during the 2012/2013 Financial year which has achieved some stable results which were stablised by dealing directly with a large scope of physical ground work and equipment required to collect data for analyis purposes, and which is currently being undertaken.

The following on-going interventions are currently being instituted to reach a target of 30% water losses by the 2013/2014 Financial Year:-

- Introduction of lowered pressurestandards from an average of 600Kpa to 300Kpa subsequent to relevant water balancing initiatives currently being undertaken.
- Replace domestic and non-domestic meters in line with Municipality's Asset Management Plan.
- Ensure every bulk water consumers and business consumers are metered and meters read and billed monthly.

Below, is a table illustrating implementation of the above and to reaffirm that the above will assist Zululand District Municipality fulfill its mandate efficiently in order to provide utmostly acceptable services to the people that we serve.

YEAR	WATER PRODUCED (Mℓ)	ESTIMATED UAW VOL (%)
2012/2013	10898	38%
2013/2014	15630	11%

Water Service Delivery Levels Households				
Description	10/11	11/12	12/13	13/14
	Actual No.	Actual No.	Actual No.	Actual No.
Water: **(above min level)**				
Piped water inside dwelling	857	546	655	846
Piped water inside yard (but not in dwelling)	647	865	456	486
Using public tap (within 200m from dwelling)	486	486	465	546
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	1 990	1 898	1 576	1 879
Minimum Service Level and Above Percentage	80%	80%	76%	79%
Water: **(below min level)**				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling	486	486	486	486
No water supply				
Below Minimum Service Level sub-total	486	486	486	486
Below Minimum Service Level Percentage	20%	20%	24%	21%
Total number of households*	**2 476**	**2 384**	**2 062**	**2 365**
** - To include informal settlements*				*T 3.1.3*

EMPLOYEES: WATER SERVICES					
Job Level	2012/2013	2013/2014			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalent) No.	Vacancies (as a % of total posts) %
HOD	1	1	1	0	0%
DD	4	4	4	0	0%
TO	8	8	8	0	0%
Tech	2	2	2	0	0%
Princ Supt	2	2	2	0	0%
Art Supt	2	2	2	0	0%
Supt	11	11	11	0	0%
Team Leaders	6	6	6	0	0%
Plant O	96	96	96	0	0%
Art Pl	14	14	14	0	0%
Handym	7	7	7	0	0%
W/Insp	1	1	1	0	0%
GA	73	73	73	0	0%
Driver	12	12	12	0	0%
Clerical	3	3	3	0	0%
M/Officers	213	213	213	0	0%
WT FP Supervsr	10	10	10	0	0%
Total	465	465	465		

Operating Expenditure Year 2013/2014 Water Services R'000						
Description	2012/2013	2013/2014				
	Actual Expenditure	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	40 243	58 718		60 451	0%	60 451
Repairs and Maintenance	33 022	47 040	6 900	43 368	15%	43 368
General Expenses	139 955	187 926	500	223 215	0%	223 215
Other	181 098					
Total Operational Expenditure	394 318	293 684	7 400	327 035	3%	327 035
Net Operational Expenditure	394 318	293 684		327 035	0%	327 035

Capital Expenditure Year 2013/2014 Water Services R'000						
Capital Projects	2012/2013	2013/2014				
	Actual Expenditure	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	234415	261545	0	261545	0%	261545
Usuthu RWSS	92843	41546	0	41546	0%	41546
Nkonjeni RWSS	30097	42074	0	42074	0%	42074
Mandlakazi RWSS	24670	10644	0	10644	0%	10644
Simdlangentsha Central RWSS	8793	13234	0	13234	0%	13234
Simdlangentsha East RWSS	16896	25194	0	25194	0%	25194
Simdlangentsha West RWSS	14077	17977	0	17977	0%	17977
Gumbi RWSS	3710	1253	0	1253	0%	1253
Coronation RWSS	1534	7700	0	7700	0%	7700
Khambi RWSS	490	5436	0	5436	0%	5436
Rudimentary Water	41305	29948	0	29948	0%	29948
Hlahlindlela/Emondlo		30452	0	30452	0%	30452

3.4 SANITATION SERVICES

Sanitation Service Delivery Levels				*Households
Description	10/11	11/12	12/13	13/14
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Sanitation/sewerage: **(above minimum level)**				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
Minimum Service Level and Above sub-total	2 325	2 236	1 851	2 178
Minimum Service Level and Above Percentage	81.0%	80.4%	77.2%	79.8%
Sanitation/sewerage: **(below minimum level)**				
Bucket toilet	-	-	-	-
Other toilet provisions (below min.service level)	535	535	535	535
No toilet provisions	10	11	12	15
Below Minimum Service Level sub-total	545	546	548	551
Below Minimum Service Level Percentage	19.0%	19.6%	22.8%	20.2%
Total households	**2 870**	**2 782**	**2 398**	**2 728**
Total number of households including informal settlements				*T 3.2.3*

Employees: Sanitiation Services					
Job Level	2012/2013	2013/2014			
	Employees No.	Posts No.	Employees	Vacancies (Fulltime equivalent) No.	Vacancies (as a % of total posts)
Principal Superintendent	1	1	1	0	0
Superintendent	2	2	2	0	0
Plant Operator	16	16	16	0	0
Assistant Plant Operator	7	7	7	0	0
General Assistants	12	12	12	0	0
Net Operational Expenditure	38	38	38	0	0%

Operating Expenditure Year 2013/2014 Sanitation Services R'000						
Description	2012/2013	2013/2014				
	Actual Expenditure	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	40 243	58 718		60 451	0%	60 451
Repairs and Maintenance	33 022	47 040	6 900	43 368	15%	43 368
General Expenses	139 955	187 926	500	223 215	0%	223 215
Other	181 098					
Total Operational Expenditure	394 318	293 684	7 400	327 035	3%	327 035
Net Operational Expenditure	394 318	293 684		327 035	0%	327 035

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

Approximately 80% of citizens in Zululand are estimated to be indigent. The culture of non-payment which is being tackled at a political level both have negative effects on the sustainable provision of basic services. Funding is mainly in the form of grants such as MIG and DWA.

The fact that the municipality has a limited rates base means that sources of income are limited. A Revenue Enhancement Strategy has been budgeted for in the 2012/13 Financial Year which will analyse the financial position of the municipality and suggest options for alternative means of generating income for the



A R20M KLIPFONTEIN RISING MAIN PROJECT



FINE FINISH OF A R34M KLIPFONTEIN WTW CIVIL WORKS

COMPONENT B:ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

3.6 ROADS

Road Infrastructure

Pending the completion of the Road Classification Programme (RISFSA) and other parallel programmes, the district is unable to perform this function.

Rural Roads Asset Management System

National Department of Transport via DORA has allocated more than R1.688, 000.00 to identified district municipalities to develop a rural road asset management system in line with the municipal finance management act. This grant will be issued every financial year for the next 3/4 years. The Zululand District Municipality is also covered under this multi year programme expected whose expected completion is 2014/2015.

There is an estimated 3000 kilometres of road within the district. Further data on the accurate length and condition of roads will be captured within the process of developing a rural roads asset management system.

3.7 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

In 2008, the Zululand District Municipality reviewed its Current Public Transport Record to develop a Public Transport Plan.

A Multi-Year plan was developed to respond to key issues identified in the analysis of the state of public transport in the district. The table below is a summary of costs for implementation of interventions over a 5 year period.

SUMMARY OF COST FOR ZDM FOR A FIVE YEAR PERIOD	
Item	**Estimated Cost**
Operating Licence Strategy related projects	R39 150 000
Rationalisation Strategy	R660 000
Public Transport Plan	R 56 410 000
Total	**R 96 140 000**

Even if the planis implemented in phases, the municipality does not have these funds and will continue to engage with its partners in government and private sector to source resources for implementation of interventions identified in the plan.

CHAPTER 4

COMPONENT C: PLANNING AND DEVELOPMENT

PLANNING AND DEVELOPMENT



Stefan Landman: Head of Department: Planning

4.1 PLANNING AND DEVELOPMENT

In 2011-2012 financial year an allocation of R 227 million was received from MIG and was successfully spent 100% by the end of June 2012. Further R 55 million was received from DWA as a conditional grant.

The largest percentage of MIG funds was spent as follows: 79% was spent on water, 20% was spent on sanitation and 1% on sporting facilities. The large amount of money is currently spent in the development of bulk infrastructure and as the bulk line passes communities, reticulation networks are installed. The bulk infrastructure comprises of the terminal reservoirs, water treatment works, rising mains as well as secondary reservoirs whereas reticulation comprises of distribution main and households meter installations.

DWA funding only focuses on the bulk infrastructure.

4.1.1 Water Service Authority

DWA funding only focuses on the bulk infrastructure 2013/14.

Regional Water Supply Scheme	MIG	DWA	Project scope
Usuthu RWSS	R 21,617,121	R 74,000,000	Reservoirs,reticulation,risingmains,bulk line
Nkonjeni RWSS	R 25,602,121		Reservoirs,reticulation,ri

			singmains,bulk line
Mandlakazi RWSS	R 16,455,434	R 35,000,000	Bulk line and terminal reservoirs
Rudimentary	R 22,162,200		Drilling of boreholes,testing, equipping and small schemes
Rural Sanitation	R 44,324,400		Supply of VIP units and installation

Consultation and Participation

The table below shows community engagement of various stakeholders on the IDP/Budget/Performance and LED process:

Phase/Activity	Proposed Completion Timeframe
Situational Analysis	30 Aug 2013
Development Strategies	30 Sept 2013
Projects	30 Sept 2013
Integration	30 Oct 2013
Draft Approval	28 Feb 2014
Final Approval	30 May 2014

Water Service Authority

The section consists of 3 civil engineers and secretary in the planning and management of the Water Service Authority function.

The profile of the staff in terms of cost to employer is as follows:

Personnel	Total	Cost to Employer
Professional	3	R 1 250 500.00
Field (Supervisors/Foreman)	1	R 365 000.00
Office (Clerical/Administration)	1	R 195 502.00

The responsibility of a Water Services Authority (WSA) is to ensure that water is adequately provided to every single individual households falling within its area of jurisdiction. The provision of water to consumers should be in accordance with the minimum quality and quantity standards set by The Department of Water Affairs (DWA). The Water provision should be sustainable, affordable and efficient.

Services Authority has the following Duties:

Duty to provide access to water services

This duty is subject to-

The availability of resources;

The need for an equitable allocation of resources to all consumers and potential consumers within the authority's area of jurisdiction;

The need to regulate access to water services in an equitable way, with any prescribed norms and standards for tariffs for water services;

The duty of consumers to pay reasonable charges, which must be in accordance with any prescribed norms and standards for tariffs for water services;

The duty to conserve water resources;

The nature, topography, zoning and situation of the land in question; and

The right of relevant water services authority to limit or discontinue the provision of water services if there is failure to comply with reasonable conditions set for provision of such service.

In ensuring access to water services, a water services authority must take into account among other factors-

alternative ways of providing access to water services;

The need for regional efficiency;

The need to achieve the benefit of scale;

The need for low costs;

The requirements of equity and

The availability of resources from neighboring water services authorities.

The above is in accordance with the Water Services Act No. 108 of 1997.

4.1.1 Duty to prepare draft Water Services Development Plan (WSDP)

4.1.2 Water Services Development Plan (WSDP)

Every Water Services Authority must, within one year after the commencement of this Act-

as part of the process of preparing any integrated development plan in terms of Local Government Transition Act, 1993 (Act No. 209 of 1993); or

separately, if no process contemplated in paragraph a) has been initiated, prepare

a draft water service development plan for its area of jurisdiction and,

a summary of a plan

The Content of draft Water Services Development Plan (WSDP)

The annual WSDP contains the following details:

the physical attributes of the area to which it applies;

the size and the distribution of population within the area;

the time frame for the plan, including the implementation programme for the following five years;

the existing water within the area of jurisdiction;

the total number of backlogs both on water and sanitation within the area expressed as a number of households figures as well as a percentage compared to the entire area where services are provided;

the operations; maintenance; repair and replacement of existing an d future infrastructure

the WSDP must display the number and location of persons to whom water services cannot be provided within the next five years setting out-

the reason thereof;

the time frame within which the it may be reasonably be expected that

a basic sanitation will be provided to those people, and

of existing and proposed water conservation, recycling and environmental protection measures.

4.1.2.1 Water Service Development Plan Process

The Zululand District Municipality WSDP for 2013/2014 was completed and approved by council on 31 May 2013.

The following key issues were addressed by the 2013/2014 WSDP:

Eradication of water backlogs through Regional schemes rollout and Rudimentary programme.

Eradication of sanitation backlogs.

Water supply to schools and clinics.

Refurbishment requirements of water and sanitation infrastructure

There are three types of water service delivery

1. Regional Water Supply schemes
2. Rudimentary Water Supply scheme
3. Stand alone scheme

Water Services Development Plan (WSDP)

The WSDP is a multi-year sectoral plan addressing water and sanitation backlogs and infrastructure. Backlogs below are extracted from the 2013/14 WSDP;

WATER	TOTAL HOUSEHOLDS	BACKLOGS	% BACKLOGS	% OF TOTAL BACKLOGS
AbaQulusi LM	40 302	9 275	23.01%	16.40%
eDumbe LM	16 880	3 923	23.24%	6.94%
Nongoma LM	38 171	23 818	62.40%	42.11%
Ulundi LM	37 365	12 193	32.63%	21.56%
uPhongolo LM	25 136	7 350	29.24%	13.00%
Total	**157 854**	**56 559**	**35.83%**	**100.00%**
SANITATION	**TOTAL HOUSEHOLDS**	**BACKLOGS**	**% BACKLOGS**	**% OF TOTAL BACKLOGS**
AbaQulusi LM	40 302	14 440	35.83%	25.44%
eDumbe LM	16 880	607	3.60%	1.07%
Nongoma LM	38 171	16 242	42.55%	28.62%
Ulundi LM	37 365	14 548	38.93%	25.63%
uPhongolo LM	25 136	10 920	43.44%	19.24%
Total	**157 854**	**56 757**	**35.96%**	**100.00%**

Spatial Development Framework

As part of the IDP Process, the Spatial Development Framework will be developed in line with the Municipal Systems Act No 32 of 2000. The SDF which is a spatial manifestation of municipal strategies and roll out of municipal services will be linked with National and Provincial principles so that it is implementable. Zululand District Municipality has reviewed its Spatial Development Framework which was incorporated and adopted on the 29th May 2014 along with the IDP.

A Comprehensive Infrastructure Plan was developed by the municipality to properly quantify all sectoral backlogs and the cross-cutting impact, the plan was completed in May 2014.

Rural Roads Asset Management System

Please refer to early chapters in the report.

Development Planning Shared Services

In response to the new statutory function allocated to municipalities in terms of the new Planning and Development Act, a new unit of called Development Planning Shared Services (DPSS) was established to capacitate and support municipalities in the Zululand area in terms of Development Planning and Geographic Information Systems. Funding contribution are staggered over a 3 year period with financial support from Co-Operative Governance and Traditional Affairs. Thereafter, the Shared Services will be funded in total by the Zululand Family of Municipalities.

Divided into two Directorates of Planning and GIS, the section consists of 8 staff including Planners, Geographic Information Systems Officials, Administrators and Secretary.

In terms of an arrangement between the Zululand Family of Municipalities, the Planning Directorate is placed at Abaqulusi Local Municipality owing to its central location.

The key objective of the Planning Directorate is to assist and capacitate local municipality planners in terms of the new Planning and Development Act, Statutory and Strategic Planning. The key objective of the GIS Directorate is to assist local municipalities and the district to manage and upgrade technical GIS capacity.

Spatial Planning

Municipalities who are contributing financially to the administration of the DPSS have already begun reaping the benefits in terms of assistance in dealing with current and new development applications. In terms of the Planning and Development Act, municipalities have of taken over the balance of planning functions that were previously carried out at a Provincial level, and has helped improve and fast-track development application processes. Development Planning Shared Services has and continues to guide Zululand municipalities through this process.

There are various support functions that were performed by Development Planning Shared Services including;

Delegations

Municipalities are not in a position to authorise development applications without having delegations approved by council and the MEC in place in terms of the Planning and Development Act. Delegations in all of the local municipalities have been adopted.

Training and capacity building of Planning Officials

Conditions in the Planning and Development Act are new to municipalities. Therefore monthly workshops are held in partnership with Co-Operative Governance to improve levels of understanding of planning procedures and standards of Planners in Zululand.

Training of Municipal Councillors and Traditional Authorities

Allocation of land involves different stakeholders and custodians of land including traditional authorities. Councillors also play a role in the approval process of development applications.

Training for councillors and traditional authorities to understand their roles and responsibilities of the Planning and Development Act happens on a continuous basis especially with the pending implementation of the new Spatial Planning & Land Use Management Act (SPLUMA).

Assessment of Building Plans

In order to improve capacity of municipalities to deal with building plan approval, a position for a Building Inspector has been created within the development Planning Shared Services to support all municipalities in Zululand.

In the interim, Development Planning Shared Services continue to support municipalities in Zululand to fulfill this role.

Assessment of Development Applications

In order to sign off on approved development applications, Municipal Planners must be registered with the South African Council of Planners. Development Planning Shared Services are supporting Municipal Planners in Zululand to ensure that they are all registered.

Further to, Development Planning Shared Services have been supporting municipalities to assess more than 27 development applications in line with the new Planning and Development Act.

Review of Spatial Development Framework

Nongoma Local Municipality and Edumbe Local Municipalities have reviewed their Spatial Development Frameworks and Land Use Management Systems respectively. Nongoma council must now approve the framework.

Ulundi Local Municipality is reviewed its Town Planning Scheme and is finalising development of its Spatial Development Framework.

Zululand District Municipality will commence with the review of its Spatial Development Framework and Land Use Management Framework in this financial year.

Integrated Development Planning Support

Development Planning Shared Services have also supported local municipalities with their Integrated Development Plans, most notably Nongoma Local Municipality.

Development Applications received during the period under review (2013/14)

	Local Municipality					
PDA Application: Status	Ulundi	Nongoma	uPhongola	eDumbe	Abaqulusi	Total
Subdivision	1	2	2	3	2	10
Subdvision, Consolidation & Rezoning	0	0	0	1	0	1
Subdvision& Rezoning	1	0	1	1	0	3
Rezoning	0	0	0	2	2	4
Development of Land	0	0	0	0	1	1
Development situated the area of a scheme	4	0	0	0	0	4
						23

4.2 GOGRAPHICAL INFORMATION SYSTEMS

Zululand District Municipality (ZDM) has advertised and is in the process of appointing a GIS Technician who will be responsible for attending to specific GIS needs of the District.

The Development Planning Shared Services (DPSS) GIS Unit team is there to provide GIS support to the GIS Technician that will be appointed by ZDM. The mandate of DPSS is also to provide

GIS support to the local municipalities within the district. Where municipalities do not have GIS capacity to fulfill their mandates, DPSS serves as that capacity.

DPSS is in the process of developing and improving Geographic Information Systems capacity of the Zululand Municipalities.

The GIS Unit with the Development Planning Shared Services has now been operational for 4 years. Tremendous progress has been made in ensuring that the Zululand family of municipalities has an effective district-wide geographical information platform which can support decision-making especially around the area of development planning, as per the original mandate.

Strides have also been made in providing GIS support not only to planning departments in Municipalities but also to other departments like Finance and Technical Services.

4.3 KEY PROJECTS:

MPRA MAPPING PROJECTS.

One key project initiatives that is being driven by the GIS Unit with Finance departments in Local Municipalities is the Municipal Public Rates Act (MPRA) mapping project. It is a key project. The main purpose of this initiative is to provide GIS support which seeks to assist Local Municipalities in complying with provisions of the MPRA act which give the Municipalities the right to impose rates on property owners and recover this revenue. The contribution of GIS in this endeavor is to map the spatial distribution of rate paying customers and identify the geographical locations of where people are not paying rates or complying with the act so that the Municipalities can take necessary action. At this stage, property valuation rolls of all the Local Municipalities have been mapped. The next phase of the project is to link the spatial data with billing information so that municipalities can see where people where customers who are not paying rates are geographically located.

4.4 ArcREADER DEVELOPMENT INITIATIVE

The main purpose of this project was and still is, to bring geographical information closer to the people that need to use it i.e. decision-makers. In other words make it more accessible. The secondary aim was use access to geographical information as a means of aiding the improvement of the quality of the information so that the system can be more relevant. Over 100 people were provided with GIS training in all Zululand Municipalities from Municipal Manager's to HOD to senior managers. ArcReader GIS software was installed on their computers and training manuals on how to use the GIS software was also provides. This initiative is currently being duplicated in other Municipalities in KZN as GIS best practice initiative which seeks to make Municipal staff more geographically literate about the areas in which they work and enable them to make better evidence based-decisions.

4.5 SHARED SERVICES GIS STRATEGIC PLAN

The GIS Unit has completed a GIS Strategic Plan for the 2014/15 financial year. This purpose of this plan is to present the strategic Geographical Information System (GIS) needs of municipalities in Zululand and develop a strategic direction and action plan which will enable the delivery of effective GIS support to municipalities. All Municipalities will be engaged so that needs can be identified for an implementation plan to be set in motion.

The following challenges with Geographic Information Systems were identified for Zululand Municipalities;

a. Outdated hardware and software equipment
b. Data sitting with consultants not handed over to the municipalities
c. Limited knowledge capacity

Outdated software and hardware still remains a challenge in some municipalities. This is a challenge because it limits our ability to share GIS information with Municipalities especially those that have some internal GIS capacity.

The issue of data sitting with consultants and not being handed over to municipalities is also a challenge because it forces Municipalities to be dependent on consultants for information which they should have the intellectual property rights to, since they paid the consultants to produce such information. To try and address this GIS Unit has drafted a GIS Data Specifications policy document to all Municipalities for adoption. This specification is a brief technical document that sets the standard for the supply of digital spatial data sets by Consultants/Professional Service Providers undertaking studies and/or projects for Municipalities to incorporate them into their corporate Geographic Information System (GIS).

Most Municipalities have chosen ESRI ArcView as its corporate GIS software platform, and thus this specification has been formulated to ensure that work carried out for the municipality is delivered in a format and to a standard that is acceptable to their GIS requirements. Due to staff and budget constraints, the exercise of converting, "cleaning" and correcting of spatial data by the municipal GIS staff must be eliminated. The policy document calls for Consultants/Professional Service Providers to be required to deliver spatial data sets in accordance with this technical specification, and must ensure that the final project datasets supplied to the municipality are free from ambiguities. We hope that the inclusion of this policy as an addendum to the appointment letters of professional service providers in Municipalities will enable Municipalities to have control over their geographical information.

GIS Capacity is yet another challenge. Although strides have been made to provide basic GIS training to staff, more needs to be done. The Geomatics Profession Act 19 of 2013 was assented to by the President and *gazetted* into law on the 10th December 2013. The Act, "provides for different categories of registered persons". Section 13 of the Bill, outlines the categories under which a person may be registered for them to practice. Sub-section 2 (a) states that a person may not perform any work which is reserved for any of the categories unless they work under the supervision of a registered person and such registered person assumes responsibility for any work performed. Most, if not all provincial and national

government departments are currently complying with the provisions of the Bill. It is important and recommended that municipalities also comply with the Bill so that they are not left wanting when it is enacted.

The DPSS GIS specialist Is an accredited Mentor and is assisting GIS practitioners in local municipalities to be registered with The South African Council for Professional & Technical Surveyors (PLATO), the main proponents of the Geomatics Profession Act. To date the GIS Officer in Nongoma municipality has successfully been registered by PLATO as a GISc Technician. Although DPSS is in the process of mentoring other GIS practitioners in the district, local municipalities are yet to be compliant with the provisions of the Geomatics Profession Act

4.6 OTHER GIS INITIATIVES

Other GIS initiatives which have been identified for roll out are the following:

1. Undertaking IDP / capital investment (MIG) mapping, data analysis and presentation to municipal management.

2. Undertaking illegal development mapping. Illegal development poses a risk on the ability of the municipality to collect revenue from rates and taxes. It also disrupts the well thought out planning roll outs for human settlements and places a huge strain on already planned for existing resources. It is important for the municipality to know where illegal development is taking place and what the extent of the illegal development is so that suitable strategies can be developed to address it.

3. Mapping of all municipal development plans.

4. Providing support to Municipal Planners w.r.t. compilation, mapping and analysing municipal SDFs, schemes, LUMS and development applications. The purpose of this exercise To compile or provide support to consultants appointed by municipalities with the preparation of SDFs, Schemes and LUMS.

5. Mapping of customer complaints & termination of municipal services. The purpose of this task is to provide the municipality with a spatial representation of complaints by municipal ratepayers so that the municipality can more effectively be made aware of service delivery challenges.

These projects have been identified in the GIS strategic plan and will require support from municipal management for them to be successfully implemented.

The Strategic Direction of the municipality is guided by 5 key performance areas namely:

Basic Service Delivery

Social and Economic Development

Good Governance and Public Participation

Democracy

Municipal Institutional Transformation

This component includes: planning; and local economic development.

PERFORMANCE MANAGEMENT SYSTEM

1.1 Introduction

The Performance Management System (PMS) is generally defined as a strategic approach to management which equips leaders, managers, employees and stakeholders at different levels, with a set of tools and techniques to regularly plan, continuously monitor and periodically measure and review performance of the municipality in terms of indicators and targets for efficiency, effectiveness and impact.

Performance Management entails the development of priorities aligned to the municipal strategy as well as the development of Key Performance Areas, Key Performance Indicators, targets and measures. This enables proper planning, measuring, monitoring, reviewing and reporting on performance in the organisation. Performance management ensures the harnessing and maximum performance of all available resources within the organisation. Communities are involved in the development of performance measures to ensure that they have insight into and are involved in decision-making regarding the services delivered to them by the municipality.

The implementation of a performance management system framework should allow the municipality to collect, process, organise, analyse, audit, reflect and report on performance information. It should also allow the municipality to take practical steps to improve its performance.

Upon the compilation of the municipal annual report, a performance report should be developed and form part of the annual report. This document is therefore intended to report on the performance targets as set for 12/13 financial year. This report is intended to reflect on the performance framework of the municipality and the targets that were set for the 12/13 period.

1.2 The legislative framework

The legislative framework of the PMS includes the Constitution of the country, The white paper on Local government, the Municipal Systems Act, the Municipal Finance Management Act, Municipal Planning and Performance Management Regulations. For the purposes of this document the following pieces of legislation will be considered and briefly outline their provisions.

- Municipal systems Act
- Municipal planning and performance management regulations
- Batho Pele
- White paper on local government

1.2.1 Municipal systems Act

Chapter 6 of the Municipal Systems Act, (Act 32of 2000) requires that all Municipalities must establish a PMS that is in line with its resources, best suited for its dynamics and that is in line with its priorities, objectives, indicators and targets as contained in the IDP. The municipality is also required by the Act to promote a culture of performance among its political structures, political office bearers and councillors and in its administration; and administer its affairs in an economical, effective, efficient and accountable manner.

It is this same Act which provides that the municipality must establish mechanisms for monitoring and reviewing its performance management system. The law requires a PMS to have the following core components:

- Set appropriate key performance indicators
- Set measurable performance targets
- Develop the monitoring framework
- Performance measurement and review mechanisms
- Establish a process of regular reporting

The Act also requires the council to ensure the community involvement in the development and review of the municipality's PMS.

According to section 46 of the Municipal Systems Act, a municipality must prepare for each financial year an annual report that also consists of a performance report. That performance report must reflect:

1. The municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;

2. The development and service delivery priorities and the performance targets set by the municipality for the following financial year; and

3. Measures that were or are to be taken to improve performance;

1.2.2 *The Municipal Planning and Performance Management Regulations, 2001.*

This piece legislation further instructs each municipality to ensure that its performance management system:

- Complies with the requirements of the Act.
- Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance and reporting.
- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system.
- Determines the frequency of reporting and the lines of accountability for performance.
- Relates to the municipality's employee performance management processes.
- Provides for the procedure by which the system is linked to the municipality's integrated development planning processes.
- Is adopted before or at the same time as the commencement of by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.

It is in terms of this regulation that the council's PMS must be adopted by the council at the same time as the identification of the key performance areas by the municipality. This regulation also presents the prescribed general key performance indicators that should be aligned to those identified by the municipality.

1.2.3 The Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006: -

This piece of legislation seeks to set out how the performance of municipal managers will be uniformly directed, monitored and improved. It also addresses both the Employment Contract of a municipal manager and managers directly accountable to municipal managers, as well as the Performance Agreement that is entered into between respective municipalities, municipal managers and managers directly accountable to municipal mangers. According to this piece of legislation the KPAs for Municipal Managers and Managers directly accountable to the Municipal Manager are stipulated in the Regulations, 2006 as follows:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic development (LED)
- Municipal Financial Viability and Management
- Good Governance and Public Participation

1.2.4 The batho pele principles

Batho Pele principles note that the development of a service-oriented culture needs an active and informed participation of the wider community. Municipality must therefore receive a constant feedback from its customers in order to improve their service delivery mechanisms. The PMS is an important tool for ensuring that the council delivers on its mandate hence the communities should also be involved in its development and review.

1.2.5 The white paper on local government

This paper proposed the introduction of the performance management system to local government as a tool to ensure the envisaged developmental local government. As such it states that the IDP, budget and PMS are powerful tools that can assist municipalities to develop an integrated perspective on development in their area. It enables them to focus on priorities within an increasingly complex and diverse set of demands and enables them to direct resource allocations and institutional systems to a new set of development objectives

PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

4 Municipal Performance Measures

This section demonstrates the Municipal Performance Measures which are pillars of the Municipal Strategic Plan and Service Delivery and Budget Implementation Plan.

The table further demonstrates the link between National, Provincial, as well as Local Government priorities in terms of the Municipal Systems Act.

National KPA	Focus Areas or CSF	Key Objective	Objective	KPI No	KPI Name
Basic Service Delivery	Water and Sanitation	To progressively provide a cost effective, reliable water service at a good quality to all potential consumers in the district	To review and facilitate the WSDP	1	Approved WSDP plan
			Provide free basic water	2	Percentage of households with access to basic level of water (HH 142 543)
			Improve access to free water	3	Percentage of households earning less than R1100 pm with access to free water (Note: Rudimentary LOS included)

			Improve water quality	4	Number of water quality tests
			To provide free basic sanitation services	5	Percentage of households with access to basic level of sanitation
			Improve access to free sanitation	6	Percentage of households earning less than R1100 pm with access to free basic sanitation
		To deliver and regulate water services in a structured manner	To ensure that legislated water policies are reviewed and updated	7	Approved policies and bylaws
			Effectively monitor WSP's	8	Number of WSP reports submitted
			Implement effective Customer Care	9	Average time of notification to community prior to planned interruptions
			Effectively utilise MIG allocation	10	% of MIG grant funds spent on approved projects

			Maximise the implementation of IDP identified projects	11	100% capital budget actually spent on IDP projects identified
	Disaster Management	To deal with Disasters efficiently & effectively in the district	Effective coordination of DM plan implementation	12	4 Disaster management forum meetings
			Create awareness of hazards and disasters	13	12 Disaster Management awareness campaigns
			Review and facilitate the district Disaster Management plan	14	Approved Disaster management Plan
	Municipal Airport	To viably establish, operate and maintain a Regional Airport that contributes to the growth and development of the district	Review and facilitate airport services	15	Approved airport plan
			Review and facilitate airport services	16	Implement airport plan
Municipal Financial viability and management	Sound Financial Management	To promote good financial practices	Improve revenue collection	17	Outstanding service debtors recovery rate to revenue
			Improve supply chain application	18	0 Successful appeals
			Process payments in time	19	30 days processing time of invoices
			Complete and submit accurate annual financial	20	Review and submit Financial Statements

			statements		
			Complete and submit accurate annual financial statements within the specified time period	21	Unqualified (u.q) audit opinion
			Budget for ZDM annually	22	Approved final budget
			Have an effective Auditing Function	23	4 audit committee meetings
				24	75% of audit queries addressed from the AG report
			Develop a Financial Plan (i.e. Budget Process and Time Table)	25	Approved financial plan
			Increase the cost coverage ratio	26	Cost Coverage ratio
			Increase the dept coverage ration	27	Debt Coverage Ratio
			Increase the dept coverage ration	28	96% operating budget funded from cash
			Report timely and accurately	29	Approved annual report
			Produce accurate statements	30	% of account adjustments effected

			Keep minimum cash balance to cover average monthly expenditure	31	60 days with excessive funds in current account in relation to strategy
			Align Captial programme and IDP	32	% of captial projects budgeted for in accordance with the IDP
Local Economic Development	District Tourism	To promote Tourism in the District	Co-Ordinated and Integrated Regional Economic Development	33	Approved LED Strategy
			Co-Ordinated and Integrated Regional Economic Development	34	Number of tourism awareness and training workshops held
		To improve the economy of the district, through the creation of job opportunities and additional economic activities	Co-Ordinated and Integrated Regional Economic Development	35	Number of jobs created through LED initiatives and capital projects
			Increase implementation capacity	36	8 approved LED Business plans
			Effectively co-ordinate LED in the District	37	8 LED Forums/Sub-Forums meetings held
			Effectively co-ordinate LED in the District	38	Number of LED projects implemented

	HIV/AIDS	To reduce the impact of HIV/AIDS	Plan and implement institutional measures that would reduce the impact of HIV/AIDs	39	Approved HIV/AIDS Strategy
			Create HIV/AIDS awareness and education	40	12 awareness campaigns held
	Youth & Gender	To develop and empower Youth & Gender	Access sufficient resources to implement Youth and Gender Programmes	41	4 approved Youth & Gender related Business Plans submitted for funding
			Access sufficient resources to implement Youth and Gender Programmes	42	Approved youth and gender strategy
			Enable participation and create awareness of Councils Youth and Gender Programmes	43	4 District Youth & Gender Councils Meetings held
	Community Development	The social upliftment of the communities in ZDM	Reduce poverty by implementing Community Development Projects	44	500 people participating in ZDM Community Capacity Building Programmes
			Reduce poverty by implementing Community Development	45	12 food production site inspection reports

			Projects		
			Enhance mortuary compliance	46	12 mortuary inspections reports
			Implement food production compliance	47	4 Capacity Building related Business Plans submitted
Good Governance		To promote good governance, accountability & transparency	Improve community and stakeholder participation	48	Approved Communication strategy
			Spend grant funding	49	Percentage of allocated grant funds spent
			Improve governance	50	Approved fraud prevention strategy
			Manage performance effectively	51	Number of signed Sec 57 performance agreements
			Maintain Institutionall Capacity to render Municipal Services	52	Number of Critical Posts filled in relation to organogram
			Mitigate risks	53	Approved risk management plan
Municipal transformation and institutional development	Integrated & Co-ordinated Development	To promote integrated and co-ordinated development within the District	Encourage participation in IDP process, ensure alignment with local municipalities	54	Number of stakeholder meetings

			Encourage participation in IDP process, ensure alignment with Local municipalities	55	Date of submission of IDP framework plan to council for adoption
			Effective spatial development	56	Date of submisiion of reviewed spatial development framework to council
				57	Adopted Intergrated Development Plan
			Report timely and accurately	58	Number of SDBIP reports
			Application of Policies & bylaws	59	Approved Employee Assistance Programme
				60	Approved corporate service policies (Records, HR and Fleet)
			Implement and Manage Employment Equity	61	Number of people from employment equity target groups employed in three highest levels of Management
			Maintain Institutional Capacity to render Municipal Services	62	Submit workplace skills plan
				63	95% Municipal Budget spent on Skills Development Plan

				64	Implemented Workplace skills plan

5 Annual Performance Report for 2013/14

This section demonstrates the performance of Zululand District Municipality for the period ended at 30 June 2014. It also depicts what the Municipalities achieved in the previous financial year 2012/13.

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
1	Approved WSDP plan	MM (J.Hde Klerk); HOD: P (StefanLandman)	28/05/2012	29/05/2013	29/05/2013	0	Approved WSDP plan	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	29/05/2014
2	Percentage of households with access to basic level of water (as per WSDP)	HOD: TS (ZweliDladla)	1.50%	1%	64.51%	35.49%	100%	64.82%	65.62%	66.52%	67.47%	68.47%	66.5

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
	(Reticulation-new household connections)												
3	Percentage of households earning less than R1100 pm with access to free water (Note: Rudimentary LOS included)	HOD: TS (ZweliDladla)	1.76%	0.36%	64.51%	35.49%	100%	64.20%	66.07%	66.48%	68.55%	70.72%	67

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
4	Number of water quality tests	HOD: TS (ZweliDladla)	1735	1840	1840	0	1836	1816	1826	1836	1846	1856	1936

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
5	Percentage of households with access to basic level of sanitation	HOD: TS (ZweliDladla)	4.93%	2.26%	63.07%	36.93%	100%	66.37%	66.97%	67.67%	68.47%	69.37%	69.70

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
6	Percentage of households earning less than R1100 pm with access to free basic sanitation	HOD: TS (ZweliDladla)	4.93%	2.26%	63.07%	36.93%	100%	66.37%	66.97%	67.67%	68.47%	69.37%	69.70
7	Approved policies and bylaws	MM (J.Hde Klerk); HOD: P (StefanLandman)	28/05/2012	15/03/2013	15/03/2013	0	Approved policies and bylaws	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	02/06/2014

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
8	Number of WSP reports submitted	HOD: P (StefanLandman)	24 reports	12	12	0	8	2	5	8	10	12	12.00
9	Average time of notification to community prior to planned interruptions	HOD: TS (ZweliDladla)	41	48	48	0	48hrs	12hr	24hr	48hr	60hr	72hr	72
10	% of MIG grant funds spent on approved projects	MM (J.Hde Klerk); HOD: TS (ZweliDladla)	100%	100%	100%	0	100%	96%	98%	100%			100.0%

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
11	% capital budget actually spent on IDP projects identified	MM (J.HdeKlerk); HOD: P (StefanLandman); HOD: CD (ZaneleCele); HOD: TS (ZweliDladla)	100%	100%	100%	0	100%	80%	90%	100%	-	-	98%
12	Number of Disaster management forum meetings	HOD: CS (M. N.Shandu)	N/A	4 by 22/05/2013	4 by 22/05/2013	0	4	4 by 30 June 2014	4 by 15 June 2014	4 by 30 May 2014			21/05/2014
13	Number of Disaster Management	HOD: CS (M. N.Shandu)	57 Campaigns	12 by 29 May 2013	12 by 29 May 2013	0	12	4	6	10	12	14	16.00

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
	awareness campaigns												
14	Approved Disaster management Plan	HOD: CS (M. N.Shandu); MM (J.Hde Klerk)	31/05/2012	28/05/2013	28/05/2013	0	Approved Disaster management Plan	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	27/03/2014
15	Approved airport plan	HOD: CS (M. N.Shandu)	N/A	28/03/2013	28/03/2013		Review of Airport Plan	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	23/05/2014
16	Implement airport plan	HOD: CS (M. N.Shandu)	120%	100% by 28/06/2013	100% by 28/06/2013	0	100%	80%	90%	100%	-	-	100.00 %

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
17	Outstanding service debtors recovery rate to revenue	CFO (S. B.Nkosi)	0.9	0	0	0	0.25	0.48	0.32	0.25	0.23	0.2	0.2
18	0 Successful appeals	CFO (S. B.Nkosi)	N/A	0	0	0	0	0	0	0	0	0	0.00
19	days processing time of invoices	CFO (S. B.Nkosi)	1	14	14	0	30	60	45	30	15	7	15
20	Review and submit Financial Stateme	CFO (S. B.Nkosi); MM (J.Hde Klerk)	2011/08/31	31/08/2012	31/08/2012	0	31/08/2013	30-Oct-13	15-Oct-13	31-Aug	24-Aug-13	15-Aug-13	31/08/2013

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
	nts												
21	Unqualified (u.q) audit opinion	CFO (S. B.Nkosi);MM (J.Hde Klerk)	unqualified	unqualified	unqualified	0	unqualified	Disclaimer	Qualified	Unqualified	Clean Audit	-	Unqualified
22	Approved final budget	CFO (S. B.Nkosi); MM (J.Hde Klerk)	31/05/2012	29/05/2013	29/05/2013	0	31/05/2014	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	29/05/2014
23	Number audit committee meetings	CFO (S. B.Nkosi)	4	4 by 06/05/2013	4 by 06/05/2013	0	4	30-Jul-14	15-Jul-13	30-Jun-14	15-Jun-14	01-Jun-14	20/06/2014
24	SDBIP reports approved by specified date	MM (J.Hde Klerk)	4	4	4			31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	4 by 31 July 2014

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
25	% of audit queries addressed from the AG report	CFO (S. B.Nkosi)	100%	100%	100%	0	100%	55%	65%	75%	90%	100%	90.00 %
26	Approved financial plan	CFO (S. B.Nkosi); MM (J.Hde Klerk)	29/05/2012	29/05/2013	29/05/2013	0	Approved financial plan	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	29/05/2014
27	Cost Coverage ratio	CFO (S. B.Nkosi)	25.24	7	7	0	3	1	2	3	4	5	4.3
28	Debt Coverage Ratio	CFO (S. B.Nkosi)	10	5	5	0	3	1	2	3	4	5	5.00

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
29	% operating budget funded from cash	CFO (S. B.Nkosi); MM (J.Hde Klerk)	100%	100%	100%	0	100%	92%	94%	96%	98%	100%	100.00 %
30	Approved annual report	CFO (S. B.Nkosi); MM (J.Hde Klerk)	29/03/2012	31/01/2013	31/01/2013	0	Approved annual report	30-Apr-14	15-Apr-14	28 March 2014	15-Mar-14	01-Mar-14	30/01/2014
31	% of account adjustments effected	CFO (S. B.Nkosi)	0.20%	3%	3%	0	3%	1%	2%	3%	4%	5%	3%
32	days with excessive funds in current account	CFO (S. B.Nkosi)	60	15	15	0	60	40	50	60	65	70	70.00 day(s)

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
	in relation to strategy												
33	% of captial projects budgeted for in accordance with the IDP	CFO (S. B.Nkosi)	100%	100%	100%	0	100%	90%	95%	100%			100.00 %
34	Approved LED Strategy	HOD: CD (Zanele Cele)	01/06/2012	29/05/2013	29/05/2013	0	Approved LED Strategy	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	29/05/2014
35	Number of tourism awareness and training	HOD: CD (Zanele Cele)	19	7 by 30 June 2013	7 by 30 June 2013	0	8	4	6	8	10	12	10.00

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
	workshops held												
36	Number of jobs created through LED initiatives and capital projects	HOD: CD (Zanele Cele); MM (J.Hde Klerk)	419	300	300	0	250	100	150	200	250	300	3253
37	Number of approved LED Business plans	HOD: CD (Zanele Cele)	11	8 by 30 June 2013	8 by 30 June 2013	0	8	1	2	4	6	8	1.00

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
	LED Forums/ Sub-Forums meetings held	HOD: CD (Zanele Cele)	8	2 by 30 June 2013	2 by 30 June 2013	0	8						
38	Number of LED projects implemented	HOD: CD (Zanele Cele)	N/A	8 by 30 June 2013	8 by 30 June 2013	0	LED projects implemented		3 by 30 June 2013	4 by 30 June 2013	4 by 15 June 2013	4 by 01 June 2013	590.00
39	Approved HIV/AIDS Strategy	HOD: CD (Zanele Cele)	30/06/2012	30/06/2013	30/06/2013	0	Approved HIV/AIDS Strategy	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	21/05/2014

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
40	Number of HIV/AIDS awareness campaigns held	HOD: CD (Zanele Cele)	11	21 by 30 June 2013	21 by 30 June 2013	0	12	10	14	16	18	20	26.00
41	Number of submitted Youth & Quality of life business plans	HOD: CD (Zanele Cele)	6	0	0	0	4	5	7	8	10	12	8.00
42	Approved youth and gender strategy	HOD: CD (Zanele Cele)	30/06/2012	29/06/2013	29/06/2013	0	Approved youth and gender strategy	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	18/03/2014

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
43	Quality of life strategy submitted to MM	HOD: CD (Zanele Cele)	N/A	N/A	N/A		Approved Quality of life strategy	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	11/03/2014
44	Number of District Youth Council Meetings held	HOD: CD (Zanele Cele)	1	13 by 30 June 2013	13 by 30 June 2013			4	6	8	10	12	11.00
45	Number of quality of life Council Meetings held	HOD: CD (Zanele Cele)	N/A	N/A	N/A			4	6	8	10	12	11.00

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
46	Number of people participating in ZDM Community Capacity Building Programmes	HOD: CD (Zanele Cele); MM (J.Hde Klerk)	510	1783	1783	0	500	105	115	125	135	145	130.00
47	Number of food production site inspection reports	HOD: CD (Zanele Cele)	N/A	37 by 30 June 2013	37 by 30 June 2013	0	12	20	35	48	52	60	50.00

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
48	Number of mortuary inspection reports	HOD: CD (Zanele Cele)	N/A	12 by 30 June 2013	12 by 30 June 2013	0	12	8	10	12	14	16	24.00
49	Approved Communication strategy	MM (J.Hde Klerk)	N/A	29/05/2013	29/05/2013	0	Develop Communication Strategy	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	29/05/2013
50	Percentage of allocated grant funds spent	HOD: P (Stefan Landman); CFO (S. B.Nkosi)	100%	100%	100%	0	100%	85%	90%	100%	-	-	100%
51	Approved fraud prevention strategy	CFO (S. B.Nkosi)	N/A	20/03/2013	0	0	Develop Anti-corruption strategy	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	29/05/2014

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
52	Number of signed Sec 57 performance agreements	MM (J.Hde Klerk)	N/A	6	6	0	6	-	-	6	-	-	6.00
53	Number of Critical Posts filled in relation to organogram	MM (J.Hde Klerk)	N/A	100%	100%	0	100%	85%	90%	100%	-	-	100.00 %
54	Approved risk management plan	CFO (S. B.Nkosi)	N/A	20/03/2013	20/03/2013	0	Develop Risk Management Plan	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	25/10/2013

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
55	Number of stakeholder meetings	HOD: P (Stefan Landman); MM (J.Hde Klerk)	25	15	15	0	12	4	6	8	10	12	16.00
56	Date of submission of IDP framework plan to council for adoption	HOD: P (Stefan Landman)	30/09/2011	09/05/2012	09/05/2012	0	30/09/2013	30-Oct-13	15-Oct-13	30 Sep 2013	15 Sep 2013	01 Sep 2013	10/12/2013

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
57	Date of submisiion of reviewed spatial development framework to council	HOD: P (Stefan Landman); MM (J.Hde Klerk)	N/A	29/05/2013	29/05/2013	0	Reviewed SDF	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	29/05/2014
58	Adopted Intergrated Development Plan	HOD: P (Stefan Landman); MM (J.Hde Klerk)	31/05/2012	29/05/2013	29/05/2013	0	30/06/2014	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	29/05/2014

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
59	PMS Framework Policy submitted to MM	HOD: P (Stefan Landman)	N/A	N/A	N/A	N/A	Adopted PMS Framework	PMS Frame work policy tabled to Council by 30 Jul 2014	PMS Frame work policy tabled to Council by 15 Jul 2014	PMS Frame work policy tabled to Council by 30 June 2014	PMS Frame work policy tabled to Council by 15 June 2014	PMS Frame work policy tabled to Council by 30 May 2014	29/05/2014
60	% of environmental applications dealt with within 20 days	HOD: P (Stefan Landman)	N/A	N/A	N/A	N/A		60% of received applications dealt within 20 days	70% of received applications dealt within 20 days	80% of received applications dealt within 20 days	90% of received applications dealt within 20 days	100% of received applications dealt within 20 days	90.00 %

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
61	Approved Employee Assistance Programme	HOD: CS (M. N.Shandu)	19/04/2012	28/05/2013	28/05/2013	0	Approved Employee Assistance Programme	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	22/05/2014
62	Approved corporate service policies (Records, HR and Fleet)	HOD: CS (M. N.Shandu)	19/04/2012	28/05/2013	28/05/2013	0	Approved corporate service policies	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	22/05/2014
63	Number of people from employment	MM (J.Hde Klerk)	3	100	100	0	100%	80%	90%	100%	-	-	94

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
	equity target groups employed in three highest levels of Management												
64	Submit workplace skills plan	HOD: CS (M. N.Shandu)	N/A	15/06/2013	15/06/2013	0	Submit workplace skills plan	31 July 2014	15 July 2014	30 June 2014	15 June 2014	01 June 2014	25/04/2014
65	% Municipal Budget spent on Skills Development Plan	HOD: CS (M. N.Shandu)	100%	100%	100%	0	100%	85%	95%	100%			117.00 %

KPI No	KPI Name	Responsible	Previous Year Performance (2011/12)	Previous Year Performance (2012/13)	Baseline	Back log	Demand	2013/14 Annual Target					Actual Achieved 2013/14
								1	2	(Target) 3	4	5	
66	Implemented Workplace skills plan	HOD: CS (M. N.Shandu)	N/A	100%	100%	0	95%	90%	95%	100%			100.00 %

ANNUAL ASSESSMENT REPORT - Entire District - 2013/2014													
National KPA: Basic Service Delivery													
Balance Scorecard Perspective: Customer													
Prog Driver	**Objective**	**Indicator**		**KPI No**	**Actual Progress**	**Score**		**1 - Not Acceptable**	**2 - Partially Achieved**	**3 - Effective**	**4 - Performance Significantly above Expectations**	**5 - Outstanding Performance**	**Comment**
HOD (P)	Review and facilitate the District WSDP	Approved WSDP plan		1	29/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (TS)		Percentage of households with access to basic level of water (as per WSDP) (Reticulation-new household connections)		2	68.47	5	✓	64.82	65.62	66.52	67.47		
HOD (TS)	Improve access to free water	Percentage of households earning less than R1100 pm with access to free water (Note: Rudimentary)		3	70.72	4	✓	64.20	66.07	66.48	68.55	70.72	
HOD (TS)	Improve water quality	Number of water quality tests as per the approved strategy		4	1936.00	5	✓	1816.00	1826.00	1836.00	1846.00	1856.00	
HOD (TS)	Provide free basic sanitation services	Percentage of households with access to basic level of sanitation (as per WSDP)		5	69.70	5	✓	66.37	66.97	67.67	68.47	69.37	
HOD (TS)	Improve access to free sanitation	Percentage of households earning less than R1100 pm with access to free basic sanitation		6	69.70	5	✓	66.37	66.97	67.67	68.47	69.37	
HOD (P)	Ensure that legislated water policies are reviewed and updated	Approved identified water bylaws		7	02/06/2014	4	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	

HOD (P)	Ensure that legislated water policies are reviewed and updated	Approved identified water policies	7	02/06/2014	4	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014		
HOD (P)	Effectively monitor WSP's	Number of WSP Meetings scheduled	8	12.00	5	✓	2.00	5.00	8.00	10.00	12.00		
HOD (TS)	Implement effective Customer Care	Notification of community on planned water supply interruptions	9	72.00 hr	5	✓	12.00 hr	24.00 hr	48.00 hr	60.00 hr	72.00 hr		
HOD (TS)	Effectively utilise MIG allocation	% of MIG grant funds spent on approved projects	10	100.00 %	5	✓	96.00 %	98.00 %	100.00 %	100.00 %	100.00 %		
HOD (CS)HOD (F) HOD (P) HOD (TS)	Maximise the implementation of IDP identified projects	Capital budget actually spent on identified projects	11	98.25%	5	✓	80.00 %	90.00 %	100.00 %	100.00 %	100.00 %		
HOD (Co)	Effective coordination of DM plan implementation	Disaster management forum meeting held by specified date	12	21/05/2014	3	●	2 meetings held by this date 30/05/2014	3 meetings held by this date 30/05/2014	all 4 meetings held by this date 30/05/2014	all 4 meetings held by this date 15/05/2014	all 4 meetings held by this date 01/05/2014		
HOD (Co)	Create awareness of hazards and disasters	Number of DM awareness campaigns scheduled per quarter	13	16.00	5	✓	4.00	6.00	10.00	12.00	14.00		
HOD (Co)	Review and facilitate the district Disaster Management plan	Approved DM Plan	14	27/03/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014		
HOD (Co)	Review and facilitate the Municipal airport management plan	Airport plan submitted to MM by specified date	15	23/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014		
HOD (Co)	Review and facilitate the Municipal airport management plan	Implement identified activities from the airport plan	16	100.00 %	5	✓	80.00 %	90.00 %	100.00 %	100.00 %	100.00 %		

National KPA: Municipal Financial viability and management													
Balance Scorecard Perspective: Finances													
Prog Driver	**Objective**	**Indicator**		**KPI No**	**Actual Progress**	**Score**		**1 - Not Acceptable**	**2 - Partially Achieved**	**3 - Effective**	**4 - Performance Significantly above Expectations**	**5 - Outstanding Performance**	**Comment**
HOD (F)	Improve revenue collection	Outstanding service debtors recovery rate to revenue		17	0.20	5	✓	0.48	0.32	0.25	0.23	0.20	
HOD (F)	Improve supply chain application	Number of successfull appeals		18	0.00	5	✓	0.00	0.00	0.00	0.00	0.00	
HOD (F)	Process payments in time	Processing time of invoices		19	15.00 day(s)	4	✓	60.00 day(s)	45.00 day(s)	30.00 day(s)	15.00 day(s)	7.00 day(s)	
HOD (F)	Complete and submit accurate annual financial statements	Review and submit Financial Statements		20	31/08/2013	3	●	30/10/2013	15/10/2013	31/08/2013	24/08/2013	15/08/2013	
HOD (F)	Complete and submit accurate annual financial statements within the specified time period	Unqualified audit opinion		21	Unqualified	5	✓	Qualified	Qualified	Unqualified	Unqualified	Unqualified	
HOD (F)	Budget for ZDM annually	Approved final budget		22	29/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (F)	Have an effective Auditing Function	Audit committee meetings scheduled		23	20/06/2014	3	●	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
Municipal Manager	Report timely and accurately	SDBIP reports approved by specified date		24	31/07/2014	1	●	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (F)	Have an effective Auditing Function	% of audit querries addressed from the AG report		25	90.00 %	4	✓	55.00 %	65.00 %	75.00 %	90.00 %	100.00 %	

HOD (F)	Develop a Financial Plan (i.e. Budget Process and Time Table)	Approved financial plan	26	29/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (F)	Increase the cost coverage ratio	Cost Coverage ratio	27	4.30	5	✓	1.00	2.00	3.00	4.00	5.00	
HOD (F)	Increase the dept coverage ratio	Debt Coverage Ratio	28	5.00	5	✓	1.00	2.00	3.00	4.00	5.00	
HOD (F)	Provide sufficient cash resources	% operating budget funded from cash	29	100.00 %	5	✓	92.00 %	94.00 %	96.00 %	98.00 %	100.00 %	
HOD (F)	Report timely and accurately	Approved annual report	30	30/01/2014	5	✓	30/04/2014	15/04/2014	28/03/2014	15/03/2014	01/03/2014	
HOD (F)	Produce accurate statements	% of accounts adjustments effected	31	3.00 %	3		1.00 %	2.00 %	3.00 %	4.00 %	5.00 %	
HOD (F)	Keep a minimum cash balance to cover average monthly expenditure	Number of days with excessive funds in current account in relation to strategy	32	70.00 day(s)	5	✓	40.00 day(s)	50.00 day(s)	60.00 day(s)	65.00 day(s)	70.00 day(s)	
HOD (F)	Align Capital Programme and IDP	% of capital projects budgeted for in accordance with the IDP	33	100.00 %	5	✓	90.00 %	95.00 %	100.00 %	100.00 %	100.00 %	
National KPA: Local Economic Development												
Balance Scorecard Perspective: Learning and growth												
Prog Driver	**Objective**	**Indicator**	**KPI No**	**Actual Progress**	**Score**		**1 - Not Acceptable**	**2 - Partially Achieved**	**3 - Effective**	**4 - Performance Significantly above Expectations**	**5 - Outstanding Performance**	**Comment**
HOD (CS)	Co-Ordinated and Integrated Regional Economic Development	Approved LED Strategy	34	29/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	

HOD (CS)	Co-Ordinated and Integrated Regional Economic Development	Number of tourism awareness and training workshops held	35	10.00	4	✓	4.00	6.00	8.00	10.00	12.00		
HOD (CS)	Co-Ordinated and Integrated Regional Economic Development	Number of jobs created through LED initiatives and capital projects	36	3253.00	5	✓	100.00	150.00	200.00	250.00	300.00		
HOD (TS)	Co-Ordinated and Integrated Regional Economic Development	Number of jobs created through LED initiatives and capital projects	36	3253.00	5	✓	100.00	150.00	200.00	250.00	300.00		
HOD (CS)	Increase implementation capacity	Number of submitted LED Business plans	37	1.00	1	●	1.00	2.00	4.00	6.00	8.00		
HOD (CS)	Effectively co-ordinate LED in the District	Number of LED ward projects implemented	38	590.00	5	✓	100.00	150.00	200.00	230.00	260.00		
National KPA: Social Development and Food Security													
Balance Scorecard Perspective: Social Development													
Prog Driver	**Objective**	**Indicator**		**KPI No**	**Actual Progress**	**Score**		**1 - Not Acceptable**	**2 - Partially Achieved**	**3 - Effective**	**4 - Performance Significantly above Expectations**	**5 - Outstanding Performance**	**Comment**
HOD (CS)	Plan and implement institutional measures that would reduce the impact of HIV/AIDs	Approved HIV/ADS Strategy		39	21/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	

HOD (CS)	Create HIV/AIDS awareness and education	Number of HIV/AIDS awareness campaigns held	40	26.00	5	✓	10.00	14.00	16.00	18.00	20.00	
HOD (CS)	Access sufficient resources to implement Youth and Gender Programmes	Number of submitted Youth & Quality of life business plans	41	8.00	3	●	5.00	7.00	8.00	10.00	12.00	
HOD (CS)	Strategically plan development and empowerment initiatives for youth and gender	Approved youth and strategy	42	18/03/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (CS)	Strategically plan development and empowerment initiatives for youth and gender	Quality of life strategy submitted to MM	43	11/03/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (CS)	Enable participation and create awareness of Councils Youth and Gender Programmes	Number of District Youth Council Meetings held	44	11.00	5	✓	4.00	6.00	8.00	10.00	12.00	
HOD (CS)	Enable participation and create awareness of Councils Youth and Gender Programmes	Number of quality of life Council Meetings held	45	11.00	5	✓	4.00	6.00	8.00	10.00	12.00	
HOD (CS)	Reduce poverty by implementing Community Development Projects	Number of people participating in ZDM Community Capacity Building Programmes	46	130.00	4	✓	105.00	115.00	125.00	135.00	145.00	
HOD (CS)	Implement food production compliance	Number of food production site inspection reports	47	50.00	4	✓	20.00	35.00	48.00	52.00	60.00	
HOD (CS)	Enhance mortuary compliance	Number of mortuary inspection reports	48	24.00	5	✓	8.00	10.00	12.00	14.00	16.00	

National KPA: Good Governance & Public Participation													
Balance Scorecard Perspective: Learning and growth													
Prog Driver	**Objective**	**Indicator**		**KPI No**	**Actual Progress**	**Score**		**1 - Not Acceptable**	**2 - Partially Achieved**	**3 - Effective**	**4 - Performance Significantly above Expectations**	**5 - Outstanding Performance**	**Comment**
Municipal Manager	Improve community and stakeholder participation	Approved communication strategy		49	29/05/2013	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (CS); HOD (F); HOD (P); HOD (TS); HOD (CO)	Spend grant funding	Percentage of allocated grant funds spent		50	100.00 %	5	✓	85.00 %	90.00 %	100.00 %	100.00 %	100.00 %	
HOD (F)	Improve governance	Approved fraud prevention strategy		51	29/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
Municipal Manager	Manage performance effectively	Number of signed Sec 57 performance agreements		52	6.00	5	✓	2.00	4.00	6.00	6.00	6.00	
Municipal Manager	Maintain Institutional Capacity to render Municipal Services	Number of critical posts filled in relation to organogram		53	100.00 %	5	✓	85.00 %	90.00 %	100.00 %	100.00 %	100.00 %	
HOD (F)	Mitigate risks	Approved risk management plan		54	25/10/2013	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
National KPA: Municipal transformation and institutional development													
Balance Scorecard Perspective: Internal Processes													

Prog Driver	Objective	Indicator	KPI No	Actual Progress	Score		1 - Not Acceptable	2 - Partially Achieved	3 - Effective	4 - Performance Significantly above Expectations	5 - Outstanding Performance	Comment
HOD (P)	Encourage participation in IDP process, ensure alignment with Local Municipalities	Number of stakeholder alignment meetings	55	16.00	5	✓	4.00	6.00	8.00	10.00	12.00	
HOD (P)	Encourage participation in IDP process, ensure alignment with Local Municipalities	Date of submission of Framework Plan to Council for adoption	56	28/08/2013	5	✓	30/10/2013	15/10/2013	30/09/2013	15/09/2013	01/09/2013	
HOD (P)	Effective spatial development	Date of submission of reviewed Spatial Development Framework to Council	57	29/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (P)	Encourage participation in IDP process, ensure alignment with Local Municipalities	Adopted Integrated Development plan	58	29/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (P)	To ensure documentation and update of PMS processes and procedures	PMS Framework Policy submitted to MM	59	29/05/2014	5	✓	PMS Framework policy tabled to Council by 30/07/2014	PMS Framework policy tabled to Council by 15/07/2014	PMS Framework policy tabled to Council by 30/06/2014	PMS Framework policy tabled to Council by 15/06/2014	PMS Framework policy tabled to Council by 30/05/2014	
HOD (P)	To effectively deal with development and environmental applications in line with legislation	% of environmental applications dealt with within 20 days	60	90.00 %	4	✓	% of received applications dealt within 20 days: 60.00 %	% of received applications dealt within 20 days: 70.00 %	% of received applications dealt within 20 days: 80.00 %	% of received applications dealt within 20 days: 90.00 %	% of received applications dealt within 20 days: 100.00 %	
HOD (Co)	Application of Policies & bylaws	Employee Assistance Programme submitted to MM	61	22/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	

HOD (Co)	Application of Policies & bylaws	Corporate service related policies submitted to MM	62	22/05/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
Municipal Manager	Implement and Manage Employment Equity	Number of people from employment equity target groups employed in three highest levels of Management	63	94.00 of 3	5	✓	of 3 80.00 of 3	of 3 90.00 of 3	of 3 100.00 of 3	of 3 100.00 of 3	of 3 100.00 of 3	
HOD (Co)	Maintain Institutional Capacity to render Municipal Services	Workplace skills plan submitted to Local Labour Forum	64	25/04/2014	5	✓	31/07/2014	15/07/2014	30/06/2014	15/06/2014	01/06/2014	
HOD (Co)	Maintain Institutional Capacity to render Municipal Services	Municipal Budget spent on Skills Development Plan	65	117.00 %	5	✓	85.00 %	95.00 %	100.00 %	100.00 %	100.00 %	
HOD (Co)	Maintain Institutional Capacity to render Municipal Services	Implemented budgeted activities in the Workplace skills plan	66	100.00 %	5	✓	90.00 %	95.00 %	100.00 %	100.00 %	100.00 %	

CHAPTER 5

COMMUNITY& SOCIAL SERVICES



5.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

The Zululand District Municipality's location in the Province in as far as transport routes and its distance from major centre's is concerned, is relatively isolated from the national economy hubs. Further to this, access to basic factors of production such as raw materials, skilled labour and infrastructure is generally limited. Raw materials available in the area relate to coal mining and agricultural activities including maize, beef, and timber and sugar production. Local beneficiation of raw materials is limited.

The area reflects the disparity in access to resources evident in all areas of KwaZulu-Natal where poverty stricken traditional authority areas border on well-established commercial farming areas. The five municipal centres, or key towns, are the focus of economic activity in each of the local municipalities and here the resource split between urban and rural areas are evident.

Despite the above the area has unique characteristics offering a range of opportunities for economic development. Most importantly the area of the Zululand District Municipality is viewed as the symbolic core, also referred to as the "warm heart' , and of the wider area referred to as Zululand. This represents specific marketing opportunities. The district is home to a rich cultural diversity and numerous sites of historical significance, specifically relating to the Zulu nation. It has historically been and is still the home of the Zulu monarch.

Our Objectives

Within the context of our vision and mission the key basic objects of the social and economic development in the Zululand District Municipality are:

a) **Reduce income leakages**
 - Encouraging local manufacturing
 - Increase local / external tourism market

b) **Increase investment – both local & external**
 - DM is relatively isolated & capital investment is limited
 - Investment in tourism, agriculture business is to be prioritised

c) **Promote local business development & business interaction**
 - Interaction between business will contribute to countering income leakage & establishment of a new vibrancy in the economy

d) **Increase entrepreneurial opportunities and employment**
 - All the above objectives needs to be supported by a strong focus on entrepreneurial dev.

e) **Reduce poverty** through capacity building and provision of entrepreneurship opportunities for ZDM communities through skills development.

5.1.1 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The success of the strategies identified and developed in this report should be measured against the extent to which the objectives are being achieved.

Economic Activity by Sector			R mil
Sector	2011/12	2012/13	2013/14
Agric, forestry and fishing	2	2.5	3
Mining and quarrying	0	0	0
Manufacturing	0	0	0
Wholesale and retail trade	0	0	0
Total	2	2.5	3
			T 3.11.2

Economic Employment by Sector			Jobs
Sector	2011/12 No.	2012/13 No.	2013/14 No.
Agric, forestry and fishing	20 000	20 000	20 000
Mining and quarrying	-	-	-
Manufacturing	-	-	-
Wholesale and retail trade	-	-	-
Total	20000	20000	20000
			T 3.11.3

In certain areas of the District substantial work has been done to develop the tourism sector and its assets, however, much still remains to be done for the benefits of the sector to impact significantly on the socio-economic conditions of the communities of Zululand. The area, however, faces major challenges in achieving this. Some of the key challenges include the distance of Zululand from major centers, the ceasing of regular flights to the Ulundi airport, the quality of road infrastructure in the District, the lack of coordination in tourism marketing and other.

Employees: Local Economic Development Services					
Job Level	Year 2012/13	Year 2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
E2	1	1	1	0	0%
E1	2	2	2	0	0%
D3	3	3	3	0	0%
D1	1	1	1	0	0%
C1	1	1	1	0	0%
B1	4	4	4	0	0%
	0	0	0	0	0%
Total	12	12	12	0	0%

Financial Performance Year 2013/14 Local Economic Development Services					R'000
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		0	0	0	0%
Expenditure:					
Employees		1078	0	0	0%
Repairs and Maintenance		0	0	0	0%
Other		16000	0	0	0%
Total Operational Expenditure	0	17078	0	0	0%
Net Operational Expenditure	0	17078	0	0	0%

Capital Expenditure Year 2013/14 : Economic Development Services					R' 000
Capital Projects	Year 2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. *T 3.11.10*

5.2 CHILDCARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

SOCIAL PROGRAMMES

Improving the quality of life for Communities of Zululand District Municipality is the core function of the Social Development Unit of the Municipality.

To achieve this goal a number of programmes are coordinated from this section, namely:

-Gender programmes,

-Disability Programmes

-Arts and Culture Programmes

-Senior Citizens programmes

-Youth Development Programmes

-School Uniforms supporting programmes

-Youth Driver's Licences programme

-Sport Programmes

-HIV/AIDS Programmes

Provide brief introductory comments .Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T3.56.1

5.2.1 GENDER PROGRAMMES

Women's Summit

The aim of the summit is to empower women citizens through developmental information dissemination by ZDM and other development external organisations. The summit is mostly attended by women leaders such as female councillors, female Amakhosi (and wives of Amakhosi-oNdlunkulu), representatives of government departments, female izinduna, professional women and women in business. These leaders then go back to their communities and convene meetings to share the information and/or invite the municipality to address their fellow women. This is a platform where women share information and enter into dialogues on issues regarding development opportunities which covers topics like business opportunities, self-help programmes/projects, education, social ills, women' health, HIV/AIDS and local economic development initiatives, etc. Women are assisted with information how these opportunities can be accessed.

These annual summits have a great impact in improving the quality of lives of the women of the District. Various opportunities in the municipality, private sector and other organisations are exposed and assistance to access these opportunities is rendered to them. In this manner the municipality realises the goal of alleviating poverty.



Women's Celebration

This is an annual event which takes place a day after the women's summit which is aimed at commemoration of the Women's Day which is in line with the National Women's Celebration Day. This is to remind both young and older women of hard earned freedom that their fellow women fought during the great march of 1956 to the Union Building in Pretoria in protest against legislation aimed at tightening the apartheid government's control over the movement of black women in urban areas.



Women's Day Celebration

5.2.2 DISABILITY

This is the day to observe the international day for people living with disabilities that takes place annually. On this day the Mayor ensures that all people with disabilities converge at one centre and an expert who works with them facilitates discussions on issues pertaining to them holistically. The Mayor also distributing equipment or aids to them which assist to improve the quality of their life.

5.3 YOUTH DEVELOPMENT.

ZDM has coordinated the formation of the youth council which is the youth body that assists the municipality to design youth programmes and implementation thereof. Subsequent to the formation of the council, establishment of Youth Development Committee that further has sub-committees that specialise on different development areas were formed. They meet bimonthly to give progress report to the main committee and the municipality.

5.3.1 Youth Summit

Youth Forums from all five municipalities are invited to a summit to discuss challenges and the ways of improving their lives economically, educationally and work opportunities which are available to the ZDM young communities. ZDM invites facilitators/ presenters from different sectors to come and do presentations on opportunities available for the youth in their businesses.

5.3.2 YOUTH DAY CELEBRATION

This event is happening after the youth summit where all five municipalities under the District attend a day to celebrate the National Youth Day and this is also the annual event where there is entertainment and community leaders speak to the youth with the Mayor being the speaker of the day.

5.3.3 SCHOOL UNIFORMS

The School Uniforms programme was started eight years ago as an intervention initiative to respond to learners' needs particularly those who are single parented, heading their households and those that are under the care of grandparents. The Department of Education circuit offices and the municipality identify ten learners per school from each local municipality as recipients, i.e. 500 learners in the District.



Learners from one of the recipient schools

5.3.4 DRIVERS LICENCES PROJECT

This is an annually project aimed at capacitating youth who are underprivileged by giving them some of the requirements by the job market. ZDM identifies 10 young people per local municipality who are taken through learners licence until they obtain drivers licences.

5.4 SPORT PROGRAMMESMARATHON

Marathon was started in 2005 and runs between Ulundi and Nongoma. It engages stakeholders namely; Nongoma and Ulundi Athletic Clubs at planning level but pen to everyone for participation, with Zululand as a lead urgent. This race is a Comrade Marathon qualifier.





5.4.1 MAYORAL CUP

ZDM mobilises youth to partipate through their Local Municipalities; where they have selection games on 15 different sport codes and the teams selected they have an opportunity to represent the district at a provincial level (SALGA Games).

5.4.2 INDONSA ARTS AND CRAFTS CENTRE

The Centre is situated at Ulundi and has been named the best performing community arts centre in KZN, it provides skills training programmes in Fashion Design, Visual Arts and Music (instruments) free of charge. Umbele Wethu Cultural Competition is an annual event organised by the Centre during schools winter holidays aimed at discovering new talent and also to encourage young people to capitalise in those talents and make them careers. In the 18 competition categories of performing and non performing art, winners of the District Finals receive prize money and a chance to record their music (if they competed in music) in a fully equipped professional recording studio at the Centre.



IZayoni music category competitors



Fashion Designing Graduation day

5.5 CENTRE ACHIEVEMENTS

- Four young people have been afforded a chance to be part of the production that is going to tour UK for 18 weeks under the banner of 'The mighty Zulu Nation' Theatre company between July 2013 and December 2014.
- **Bingelela** former Indonsa Music Class student has released an album under KZN Music house and is featuring in the top 20 chart of Igagasi FM. All songs in her afro soul album were composed and recorded at Indonsa
- Indonsa contract employees are now permanently employed by the Zululand District Municipality
- Between July and December 2013 indonsa managed to record and master 27 artists whose work is in marketing in the following genres: 07 gospel; 02 Hip Hop; 01 House; 02 Kwaito; 05 Amazayoni; 08 Maskandi; 01 Afro Jazz and 01 Isicathamiya.

5.5.1 HIV AND AIDS PROGRAMMES

PRINCESS MANDISA HEALTH CARE CENTRE

Princess Mandisi Health Care Centre is the brain child of the former Mayor Cllr VZ KaMagwaza-Msibi, it was established to respond to a number of health and social ills affecting Zululand communities, particularly to the scourge of HIV and AIDS. This formed part of her commitment in ensuring that all communities of Zululand upholds and lead health lifestyle.

The municipality through the Health Centre has forged partnerships with a number of stakeholders in ensuring sound response to HIV & AIDS, STIs and TB (HAST). Some of the programmes/services offered are as follows;

- Health Education on various programmes
- HIV Counselling and Testing (HCT)
- Support for Community Based Organization working of HIV & AIDS
- Establishment of Support Groups
- Trainings & Workshops on Health Programmes

ZDM also have a long lasting partnership with LOVE LIFE who has seconded peer educators who visits schools for health education on teenage learner pregnancy, drugs and substance abuse.

This social programmes unit is also responsible for coordination and administration of AIDS Councils which further cascades to the support of Local AIDS Councils and Ward AIDS Councils.

Zululand in partnership with the Sexual HIV Prevention Programme (SHIPP) has funded 10 local CBOs working on prevention of HIV with an amount of R2milion each.

5.6 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTIONTO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Primary Health Care is the first line of defence in the diseases pattern, all South African should promote it. Environmental Health Practioners are trained to monitor and enforce compliance with National Health Act , 2003 (Act No.61 of 2003). A Health Officer may enter any premises, excluding a private dwelling, at any reasonable time and:

Inspect premises in order to ensure compliance with the abovementioned Act and our achievement to this effect has been the health education of 83 food caterers on food handling.

Constant monitoring of food premises promotes the cleanliness and customers benefit in buying safe food.

In ensuring that the meat that is sold by our butcheries is wholesome we conduct meat inspections in our local abattoirs.

T3.64.1



Food Monitoring (Mass Functions)

Environmental Health Practitioners are also involved in monitoring food caterers during mass functions. We all know that when the cold chain is not observed during storage up until serving, a lot of people may fall sick or even die from food poisoning. In all mass functions organized by the Zululand District Municipality, local municipalities and government departments, we monitor food in order to ascertain its palatability health compliance. Food is monitored by looking, testing, and taking samples. Since we started with the monitoring, no food poisoning incidences have been reported.

5.6.1 Disposal of the Dead

The Zululand District Municipality policy on pauper burial has been helpful in terms of giving the unknown a decent/proper burial and also assisting the forensic mortuaries in the District as a whole. The following is the number of pauper burial done per local municipality:



No	LOCAL MUNICIPALITY	No. OF BODIES BURIED
1	Ulundi Local Municipality	00
2	Nongoma Local Municipality	00
3	Pongola Local Municipality	00
4	Abaqulusi Local Municipality	10
5	eDumbe Local Municipality	00
	Total	**10**

The table below reflects all the duties performed by Environmental Health Practitioners within the Zululand District Municipal Area.

No.	Work Items	No. of Inspections/Attendance	Action
1	Food caterers' kitchens inspected	326	Health Education conducted on food handling
2	Food Caterers Issued with Certificate of Acceptability (COA)	223	Health Education conducted on food handling
3	Formal Food Premises Inspected	98	Health Education conducted on food handling & Management
4	Formal Food Premises Issued with COA	15	COA certificates issued
5	Education on food handling and safety	98	Reports were written to all those premises
6	Complaints received	10	All attended to, and some premises were issued with notice
7	Crèche inspections and Senior Citizen Clubs	42	Inspections were done, and report written
8	Mortuary Inspections	32	Inspections were done, and report written
9	Business license applications	12	Report forwarded to the responsible authority
10	School inspections	25	Letters written to Dept of Education

11	Funeral Parlors issued with COC	7	Inspection of funeral parlors
12	Street Vendors Inspections	71	Health education on cleanliness and refuse removal
13	Condemnation of food stuff	23456.56kg and 7654.04 liters	Safe disposal of foodstuff
14	Bed & breakfasts/Lodges	22	Letters written to the owners
15	Meat inspections	1034	Carcasses were inspected and condemnations were made

T3.64.2

5.7 INTRODUCTION TO MUNICIPAL WORKFORCE

E MUNICIPALITY HAS HUMAN RESOURCE POLICIES AND PROCEDURES IN PLACE WHICH ENSURE FAIR, EFFICIENT, EFFECTIVE AND TRANSPARENT PERSONNEL ADMINISTRATION, SUCH POLICIES AND PROCEDURES ARE REVIEWED ANNUALLY TO ENSURE RELEVANCE TO THE LEGISLATION.

POLICIES

5.7.1 INJURIES, SICKNESS AND SUSPENSIONS

Type of injury	Injury leave taken - days	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee	Total estimated cost
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
TOTAL	0	0	0	0	0 T4.3.1

Designations	Sick leave days with Dr's note	Sick leave days without Dr's note	Total sick days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post No	Average sick leave per Employees Days
Municipal Manager and Section 57 HOD's	20	2	22	9%	4	6	3.6
Other senior officals and managers	42	14	56	25%	9	16	3.5
Professionals	61	23	84	27%	19	28	3
Technicians and associate professionals	119	36	155	23%	27	129	5.7
Community service workers	39	15	54	10.81%	11	13	4.9
Clerical and Admin workers	35	14	49	17.50%	22	83	2.2
Machine operators and drivers	142	2	144	10.14%	21	44	6.8
Elementary occupations	225	63	288	21.08%	106	464	2.7
TOTAL	683	169	852	19.8%	219	783	27.9

T4.3.2

5.7.2 Number and Period of Suspensions

T4.3.5

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reason why not Finalized	Date Finalized
General Assistant	Gross dishonesty	25 March 2014	Closing arguments received. Awaiting sanction	Ongoing
General Assistant	Gross dishonesty	25 March 2014	Closing arguments. Awaiting sanction	Ongoing
General Assistant	Divulgence of confidential information	10 February 2014	Awaiting closing arguments from parties	Ongoing

Disciplinary Action Taken on Cases of Financial Misconduct T4.3.6

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
None during this period			

5.7.3 PERFORMANCE REWARDS

Performance Rewards by Gender					
Designations	**Gender**	**Total number of employees in group**	**Number of beneficiaries**	**Expenditure on rewards 2011/2012**	**Proportion of beneficiaries within group**
Lower skilled	M-F	n/a	n/a	n/a	n/a
Skilled	M-F	n/a	n/a	n/a	n/a
Highly Skilled production	M-F	n/a	n/a	n/a	n/a
Highly skilled supervision	M-F	n/a	n/a	n/a	n/a
Senior management	M-F	n/a	n/a	n/a	n/a
MM and S57	M	4	4		
					T4.4.1.1

5.7.4 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX														
Management level	Gender	Employees in posts as at 30 April 2014	Number of skilled employees required and actual as at 30 April 2014											
			Leanerships			Skills programmes and other short courses			Other forms of training			Total		
		No.	Planned 30 June 2013	Actual 30 April 2014	Target	Planned 30 June 2013	Actual 30 April 2014	Target	Planned 30 June 2013	Actual 30 April 2014	Target	Planned 30 June 2013	Actual 30 April 2014	Target
Councillors/ legislators	Female	15			0	5	8	-3			0	5	8	-3
	Male	20			0	9	7	2			0	9	7	2
Municipal Manager and Section 57 HOD's	Female	1	1	1	0			0			0	1	1	0
	Male	5	2	2	0			0		2	-2	2	4	-2
Other senior officals and managers	Female	6	4	4	0	2	2	0		1	-1	6	7	-1
	Male	10	7	7	0	2	4	-2		1	-1	9	12	-3
Professionals	Female	10		3	-3	2	3	-1		7	-7	2	13	-11
	Male	18		2	-2	3	8	-5		7	-7	3	17	-14
Technicians and associate professionals	Female	33			0	3	13	-10		1	-1	3	14	-11
	Male	96			0	24	30	-6		1	-1	24	31	-7
Community service workers	Female	6			0	2		2			0	2	0	2
	Male	7			0	7		7		1	-1	7	1	6
Clerical and Admin workers	Female	51	5	5	0	24	8	16		1	-1	29	14	15
	Male	32	4	4	0	9	6	3			0	13	10	3
Service and Sales workers	Female	5			0			0			0	0	0	0
	Male	23			0		1	-1			0	0	1	-1
Machine operators and drivers	Female	1			0	12		12			0	12	0	12
	Male	43			0	40	9	31			0	40	9	31
Elementary occupations	Female	78			0	14	8	6			0	14	8	6
	Male	386			0	49	25	24			0	49	25	24
Sub total	Female	206	10	13	-3	64	42	22	0	10	-10	74	65	9
	Male	640	13	15	-2	143	90	53	0	12	-12	156	117	39

APPENDICES

5.7.5 FINANCIAL COMPETENCY DEVELOPMENT : PROGRESS REPORT*						
Description	**A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))**	**B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))**	**Consolidated : Total of A and B**	**Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d)**	**Consolidated : Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))**	**Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))**
Financial Officials						
Accounting officer	1		1	1	1	1
Chief financial officer	1		1	1	1	1
Senior managers	4		4	2	4	2
Any other financial officials	2		2	2		In process still
Supply chain management officials						
Heads of supply chain management units						
Supply chain management senior managers						

5.7.6 Skills Development Expenditure

R'000

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57 & HOD's	Female	1			0	0	0	0	0	0
	Male	4			10000	0	0	0	0	0
Councilors	Female	15			11429	20356	0	0	0	0
	Male	20			27000	44780	0	0	27000	44780
Professionals	Female	11	133550	68416	3990	28945	3333	247	140873	97608
	Male	17	0	0	9243	41293	0	0	9243	41293
Technicians and associate professionals	Female	13	107008	99106	10000	14618	3333	427	120341	114151
	Male	27	107008	143836	14833	27646	3333	766	125174	172248
Clerks	Female	45	451073	455764	52778	66801	0	572	503851	523137
	Male	27	262943	240598	15000	10423	0	260	277943	251281
Community Service workers	Female	8	0	0	7416	9985	0	0	7416	9985
	Male	50	0	0	68758	114520	0	0	68758	114520
Plant and machine operators and assemblers	Female	11	22222	36420	17500	35126	0	0	39722	71546
	Male	86	177778	285360	42500	84968	0	0	220278	370328
Elementary occupations	Female	43	0	0	0	0	2500	4506	2500	4506
	Male									
Sub total	Female	93	691631	623286	85613	140705	6666	1246	783910	765237
	Male	145	369951	384434	144834	238662	3333	1026	518118	624122
Total		238	1061582	1007720	230447	379367	9999	2272	1302028	1389359
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R

5.7.7 FINANCIAL COMPETENCY DEVELOPMENT : PROGRESS REPORT*						
Description	**A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))**	**B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))**	**Consolidated : Total of A and B**	**Consolidated: Competency assessments completed for A and B (Regulation 14(4) (b) and (d)**	**Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))**	**Consolidated : Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))**
Financial Officials						
Accounting officer	1		1	1	1	1
Chief financial officer	1		1	1	1	1
Senior managers	4		4	2	4	2
Any other financial officials	37		37	11		In process still of finalisation of the balance of learners
Supply chain management						

officials						
Heads of supply chain management units						
Supply chain management senior managers						

Number of Employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled	M-F	n/a
Skilled	M-F	n/a
Highly Skilled production	M-F	n/a
Highly skilled supervision	M-F	n/a
Senior management	M-F	n/a
MM and S57	M-F	n/a

5.7.8 HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
1	Affirmative Action	Yes	Yes	29 May 2014
2	Attraction and Retention	In progress	No	In progress
3	Code of Conduct for employees	Yes	Yes	29 May 2014
4	Delegations, Authorisation & Responsibility	Yes	Yes	29 May 2014
5	Disciplinary Code and Procedures	Yes	Yes	29 May 2014
6	Essential Services	Yes	Yes	29 May 2014
7	Employee Assistance / Wellness	Yes	Yes	29 May 2014
8	Employment Equity	Yes	Yes	29 May 2014
9	Exit Management	Yes	Yes	29 May 2014
10	Grievance Procedures	Yes	Yes	29 May 2014
11	HIV/Aids	Yes	Yes	29 May 2014
12	Human Resource and Development	Yes	Yes	29 May 2014
13	Information Technology	Yes	Yes	29 May 2014
14	Job Evaluation	No	No	Guided by SALGA
15	Leave	Yes	Yes	29 May 2014
16	Occupational Health and Safety	Yes	Yes	29 May 2014
17	Official Housing	n/a	Yes	29 May 2014
18	Official Journeys	Yes	Yes	29 May 2014
19	Official transport to attend Funerals	Yes	Yes	29 May 2014
20	Official Working Hours and Overtime	Yes	Yes	29 May 2014
21	Organisational Rights	Yes	Yes	29 May 2014
22	Payroll Deductions	Yes	Yes	29 May 2014
23	Performance Management and	Yes	Yes	29 May 2014

	Development			
24	Recruitment, Selection and Appointments	Yes	Yes	29 May 2014
25	Remuneration Scales and Allowances	Yes	Yes	29 May 2014
26	Resettlement	n/a	Yes	29 May 2014
27	Sexual Harassment	Yes	Yes	29 May 2014
28	Skills Development	Yes	Yes	29 May 2014
29	Smoking	no	Yes	29 May 2014
30	Special Skills	n/a	No	n/a
31	Work Organisation	n/a	No	n/a
32	Uniforms and Protective Clothing	Yes	Yes	29 May 2014
33	Other:			

Use name of local policies if different from above and at any other HR policies not listed.

T 4.2.1



Mr. S.B NKOSI

ZULULAND DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2014

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Zululand District Municipality at 30 June 2014.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003

The Statement of Financial Position at 30 June 2014 indicates an increase in Net Assets and an increase in Current Liabilities.

The increase in Net Assets is ascribed primarily to the allocated Grant funding for the installation of infrastructure. The increase in Current Liabilities is primarily as a result of the increase in Trade and Other Payables and bank overdraft.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2014	2013
Surplus / (Deficit) before Appropriations	188 840 109	233 016 279
Surplus / (Deficit) at the end of the Year	-	-
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	24.64%	24.79%
Remuneration of Councillors	1.19%	1.33%
Contribution to Doubtful debts	1.23%	0.55%
Depreciation and Amortisation	5.69%	6.60%
Repairs and Maintenance	9.02%	8.39%
Interest Paid	0.00%	0.00%
Bulk Purchases	14.57%	14.72%
Contracted Services	2.57%	2.35%
Grants and Subsidies Paid	0.35%	0.23%
General Expenses	40.73%	41.03%
Current Ratio:		
Trade Creditors Days	0	1
Debtors from Exchange Transactions Days	-	-

2 OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Zululand District Municipality can generally be classified as Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	1 792 772 214	1 565 432 214	14.52	1 886 140 484	(4.95)
Operating income for the year	188 840 109	227 340 000	(16.93)	28 397 402	564.99
Appropriations for the year	-	-	-	-	-
	1 981 612 322	1 792 772 214	10.53	1 914 537 885	3.50
Expenditure:					
Operating expenditure for the year	521 790 966	455 774 144	14.48	452 427 018	15.33
Sundry transfers	-	-	-	-	-
Closing surplus / (deficit)	188 840 109	233 016 279	(18.96)	1 462 110 867	(87.08)
	710 631 075	688 790 422	3.17	1 914 537 885	(62.88)
	1 270 981 248	1 103 981 791			

3.1 Water Services:

Water is purified in bulk and distributed to the consumers by the municipality. Sewerage is removed from households and treated at sewer treatment plants but only for those households who are connected to the water-borne sewer system. The cost of bulk water purification and sewer treatment to the municipality was R76 016 153 (2013: R67 096 498). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	26 369 005	23 914 694	10.26	34 574 042	(23.73)
Expenditure	43 301 094	37 996 890	13.96	45 559 258	(4.96)
Surplus / (Deficit)	(16 932 089)	(14 082 195)	20.24	(10 985 216)	(18.78)
Surplus / (Deficit) as % of total income	(64.21)% (316 018 769)	(58.89)% (214 351 948)		(31.77)% (413 044 401)	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R323 461 861 (2012/13: R299 199 297). Full details of Assets are disclosed in Notes 8, 9, 10, and Appendices "B, C and E (4)" to the Annual Financial Statements.

The capital expenditure of R323 461 861.25 was financed as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Capital Replacement Reserve	-	-	-	-	-
External Loans	-	-	-	-	-
Finance Leases	-	-	-	-	-
Grants and Subsidies	316 378 874	294 258 418	7.52	359 031 000	(11.88)
Public Contributions	-	-	-	-	-
Own Funds (Accumulated Surplus)	7 082 987	4 940 879	43.35	28 397 401	(75.06)
	323 461 861	299 199 297	8.11	387 428 401	(16.51)
	323 461 861.25	299 199 296.85		387 428 401.48	

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2014	2013
Capital Replacement Reserve	-	-
External Loans	-	-
Grants and Subsidies	97.81%	98.35%
Public Contributions	-	-
Own Funds (Accumulated Surplus)	2.19%	1.65%
	100.00%	100.00%

Capital Assets are funded to a great extent from grants and subsidies as the municipality does not have the financial resources to finance infrastructure capital expenditure from its own funds.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2014	2013
Variance per Category:		
Budgeted surplus before appropriations	-	-
Revenue variances	27 018 442	24 020 966
Expenditure variances:		
Employee Related Costs	129 968 455	119 374 447
Remuneration of Councillors	6 272 356	6 242 765
Collection Costs	-	-
Depreciation and Amortisation	35 280 259	37 079 553
Impairment Losses	-	-
Repairs and Maintenance	51 921 262	26 146 119
Interest Paid	10 902	50 033
Bulk Purchases	75 574 610	71 788 590
Contracted Services	10 118 297	8 735 136
Grants and Subsidies Paid	1 939 239	1 151 732
General Expenses	141 341 638	139 230 214
Loss on disposal of Property, Plant and Equipment	-	-
Actual surplus before appropriations	479 445 461	433 819 554
	452 427 018	409 798 588

DETAILS	2014	2013
Variance per Service Segment:		
Budgeted surplus before appropriations	-	-
Executive and Council	87 981 068	66 647 945
Finance and Administration	78 868 800	25 109 048
Planning and Development	14 715 925	16 614 251
Health	-	-
Community and Social Services	50 091 713	60 137 961
Housing	-	-
Public Safety	-	-
Sport and Recreation	-	-
Environmental Protection	-	-
Waste Management	-	-
Roads and Transport	-	-
Water	212 304 394	155 433 245
Electricity	-	-
Other	8 465 118	9 395 251
Revenue Foregone	-	-
Actual surplus before appropriations	452 427 018	333 337 701
	425 408 576	309 316 735

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

5.2 Capital Budget:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Variance actual 2013/14 / 2012/13 R	Budgeted 2013/14 R	Variance actual/ budgeted R
Executive and Council	162 974	1 904 222	(1 741 248)	10 500 000	(10 337 026)
Finance and Administration	5 483 705	15 281 613	(9 797 908)	10 927 598	(5 443 893)
Planning and Development	1 636 842	4 377 401	(2 740 559)	1 934 000	(297 158)
Health	-	-	-	-	-
Community and Social Services	6 615 287	3 416 599	3 198 688	8 998 400	(2 383 113)
Housing	-	-	-	-	-
Public Safety	-	-	-	-	-
Sport and Recreation	-	-	-	-	-
Environmental Protection	-	-	-	-	-
Waste Management	-	-	-	-	-
Roads and Transport	-	-	-	-	-
Water	309 563 053	274 219 462	35 343 591	361 443 240	(51 880 187)
Electricity	-	-	-	-	-
Other	-	-	-	-	-

	323 461 861	299 199 297	24 262 564	393 803 238	(70 341 378)
	323 461 861	299 199 297		393 803 238	(70 341 378)

Details of the results per segmental classification of capital expenditure are included in Appendix "C" and in Appendix "E (4)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2014 amounted to R0 (30 June 2013: R0) and is made up as follows:

Capital Replacement Reserve	-
Capitalisation Reserve	-
Donations and Public Contributions Reserve	-
Government Grants Reserve	-
Accumulated Surplus	1 981 498 003
	1 981 498 003

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 32 and the Statement of Change in Net Assets for more detail.

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

10. CURRENT LIABILITIES

Current Liabilities amounted R95 749 070 as at 30 June 2014 (30 June 2013: R93 947 385) and is made up as follows:

Consumer Deposits	Note 12	3 227 865
Provisions	Note 14	5 869 455
Payables from Exchange Transactions	Note 11	80 719 908
Payables from Non-exchange Transactions	Note 15.	562 815
Unspent Conditional Grants and Receipts		-
VAT Payable		-
Short-term Loans		-
Operating Lease Liabilities		-
Bank Overdraft	Note 2	5 499 352
Current Portion of Long-term Liabilities		-
		95 879 395

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R2 052 991 773 as at 30 June 2014 (30 June 2013: R1 760 005 088).

Refer to Note 8

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R383 745 as at 30 June 2014 (30 June 2013: R378 216).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 for more detail.

14. HERITAGE ASSETS

The net value of Heritage Assets were R1 151 452 as at 30 June 2014 (30 June 2013: R988 478).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 9 for more detail.

17. CURRENT ASSETS

Current Assets amounted R32 125 0510 as at 30 June 2014 (30 June 2013: R 128 333 7990) and is made up as follows:

Inventories	Note 5	3 365 745

Non-current Assets Held-for-Sale		-
Receivables from Exchange Transactions	Note 3.1 & 3.2	3 823 100
Receivables from Non-exchange Transactions	Note 4.38	4 146 093
VAT Receivable	Note 13	6 641 538
Cash and Cash Equivalents	Note 2	-
Prepayments	Note 6	1 754 390
Current Portion of Finance Lease Receivables		-
Current Portion of Long-term Debtors		-
		19 730 865

The decrease in the amount for Current Assets is mainly due to the decreased amount held in Bank and Cash Equivalents.

18. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

20. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER
31 August 2014

5.1 FINANCIAL SUMMARY

Financial Summary						R' 000
Description	Year -2012/13	Current: Year 2013/14			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjustments Budget %
Financial Performance						
Service charges	23 915	34 574	34 574	26 369	23.73	23.73
Investment revenue	11 829	13 981	13 981	6 997	49.96	49.96
Transfers recognised - operational	269 369	292 472	299 636	291 299	0.40	2.78
Other own revenue	590	139 797	147 747	1 701	98.78	98.85
Total Revenue (excluding capital transfers and contributions)	**305 703**	**480 824**	**495 938**	**326 365**		
					%	%
Employee costs	113 005	129 968	129 968	128 571	1.08	1.08
Remuneration of councillors	6 054	6 272	6 272	6 191	1.29	1.29
Depreciation & asset impairment	30 074	35 280	35 280	29 701	15.82	15.82
Finance charges	11	11	11	–	100.00	100.00
Materials and bulk purchases	67 096	75 575	75 575	76 016	-0.58	-0.58
Transfers and grants	1 042	1 939	1 939	1 829	5.67	5.67
Other expenditure	238 492	203 381	215 595	279 483	-37.42	-29.63
Total Expenditure	**455 774**	**452 427**	**464 641**	**521 791**		%
Surplus/(Deficit)	(150 071)	28 397	31 297	(195 426)		%
Transfers recognised - capital	381 291	359 031	359 031	381 769	-6.33	-6.33
Contributions recognised - capital & contributed assets	–	–	–	–	%	%
Surplus/(Deficit) after capital transfers & contributions	**231 220**	**387 428**	**390 328**	**186 344**		
Share of surplus/ (deficit) of associate		–		–	%	%
Surplus/(Deficit) for the year	231 220	–	390 328	186 344	%	%
					%	%
Capital expenditure & funds sources						
Capital expenditure	299 199	387 428	390 328	323 462	%	%
Transfers recognised - capital	294 258	359 031	359 031	316 379	11.88	11.88

Public contributions & donations					%	%
Borrowing					%	%
Internally generated funds	4 941	28 397	31 297	7 083	75.06	0
Total sources of capital funds	299 199	387 428	390 328	323 462	%	%
Financial position						
Total current assets	121 344	263 242	263 242	19 715	92.51	92.51
Total non current assets	1 765 381	2 312 791	2 315 691	1 765 381	23.67	23.76
Total current liabilities	93 947	77 454	77 454	95 749	-23.62	-23.62
Total non current liabilities	5	–	–	5	-	-
Community wealth/Equity	1 792 772	2 498 579	2 501 479	1 981 612	20.69	20.78
Cash flows						
Net cash from (used) operating	245 182	287 526	287 526	220 785	23.21	23.21
Net cash from (used) investing	(286 059)	(388 190)	(388 190)	(315 836)	18.64	18.64
Net cash from (used) financing	(123)	(43)	(43)	–	100.00	100.00
Cash/cash equivalents at the year end	89 551	159 072	159 072	(95 050)	159.75	159.75
Cash backing/surplus reconciliation						
Cash and investments available	89 551	217 246	217 246	–	–	–
Application of cash and investments	–	61 169	61 169	–	–	–
Balance - surplus (shortfall)	–	147 452	147 452	–	–	–
Asset management						
Asset register summary (WDV)	–	2 308 674	2 308 674	–	–	–
Depreciation & asset impairment	30 074	35 280	35 280	29 701	–	–
Renewal of Existing Assets	–	15 825	15 825	–	–	–
Repairs and Maintenance	38 258	51 741	51 741	47 091	–	–
				–		
Free services						
Cost of Free Basic Services provided	–	27	27	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–
Households below minimum service level						
Water:	-	57	57	-	–	–

Sanitation/sewerage:	-	57	57	-	–	–
Energy:	-	-	-	-	–	–
Refuse:	-	-	-	-	–	–

T 5.1.1

employees : Finance Department

Position	Employee No.	Post No.	Employee No.	Vacancies
CFO	1	1	1	0
Deputy CFO's	2	2	2	0
Chief Accountants	3	3	3	0
Accountants	3	3	3	0
Assistant Accountants	6	6	6	0
Credit Controller	1	1	1	0
Procurement Officer	1	1	1	0
Finance Clerks	4	4	4	0
Meter Readers	11	11	11	0
Cashiers	5	5	5	0
Interns	5	5	5	0
Budget Officer	3	3	3	0
Secretaries	2	2	2	0

5.2 GRANTS

Grant Performance

R' 000

Description	Year -2012/13	Year 2013/14			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**624 090**	**654 417**	**664 804**	**660 561**	**0**	–
Equitable share	258 854	276 930	276 930	276 930	100.00%	0
Municipal Systems Improvement	1 000	890	890	890	100.00%	0
Department of Water Affairs	72 315	57 329	57 329	53 081	92.59%	0
MWIG	–	37 170	37 170	37 170	100.00%	
Expanded public works Programme	5 207	2 942	2 942	2 942	100.00%	
Grant: Rural Sanitation	3 443	–	4 500	4 500	100.00%	
Finance Management Grant	1 250	1 250	1 250	1 250	100.00%	0
MIG Grant	275 487	261 545	261 545	261 545	100.00%	
Massification	5 194	–	5 887	5 887	100.00%	
Grants: ACIP	1 340	640	640	644	100.69%	
DWA Acceraleted comm--	–	15 721	15 721	15 721		
Provincial Government:	**26 571**	**1 639**	**12 508**	**12 508**	**0**	0
Indonsa	1 561	1 639	1 639	1 639	100.00%	
LED Catalyst	1 132	–	–	–		–
Intergovernmental relation	–		–	–		
Local Government Chorela Project			–	–		
Mona Market	–		–	–		
Training of Councillors	–	–	200	200	100.00%	
Ulundi Airport	9 044	–	6 499	6 499	100.00%	
P700 strategic corridor	7 969	–	1 866	1 866	100.00%	
Shared sarvices	365	–	2 276	2 276	100.00%	
Tempering Fee		–	28	28	100.00%	
Ulundi Tourism Hub	6 500		–	–		
Ambulance subsidy			–			

Sports and Recreation			–			
Finance Management Grant	–	–	–	–		0
District Municipality:	**650 661**	**656 056**	**677 311**	**673 068**	102.59%	0
[insert description]	–	–	–	–		
Other grant providers:	–	–	–	–		
[insert description]						
Total Operating Transfers and Grants	**650 661**	**656 056**	**677 311**	**673 068**	102.59%	0

T 5.2.1

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A:AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2013/14

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON ZULULAND DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Zululand District Municipality set out on pages x to x, which comprise, the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013)(DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Zululand District Municipality as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Additional matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

8. The supplementary schedules set out on pages xx to xx do not form part of the financial statements and is presented as additional schedules. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the Zululand District Municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2014:

 - Development priority 1: Infrastructure and services on pages x to x

13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

15. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected development priorities.

Additional matters

16. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below:

Achievement of planned targets

17. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

Material adjustments to the annual performance report

18. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for infrastructure and services; economic, agriculture and tourism; and social development and food security. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

19. The supplementary information set out on pages x to x do not form part of the annual performance report and is presented as additional information. I have not audited this information and accordingly, I do not express a conclusion thereon.

Compliance with legislation

20. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

OTHER REPORTS

Investigation

22. The municipality appointed an independent consulting firm to perform an investigation into alleged misappropriation of the municipal assets, covering the period 23 January 2012 to 31 July 2014. The investigation was concluded on 31 October 2014 and resulted in disciplinary proceedings being instituted against two employees. These proceedings are currently in progress.

Auditor General

Pietermaritzburg

28 November 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Audit Committee Report to the Council of Zululand District Municipality

Background

Audit Committee mandate

The Zululand District Municipality has established an Audit and Audit Performance Management Committee in accordance with section 166 of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to section 14(2)(c) of the Regulations and MFMA Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Governance for South Africa 2009 (King III).

Role of the Audit Committee

The role of the Audit Committee is to assist the Zululand District Municipality in achieving its strategic goals and objectives, by helping to maintain effective internal controls, risk management, accurate financial reporting and corporate governance principles, and other such duties as may be directed by the Council and Accounting Officer.

The Audit Committee must review and assess the qualitative aspects of financial reporting, the municipality's processes to manage business and financial risk, governance processes and compliance with applicable legal, ethical and regulatory requirements.

Audit Committee members

The Audit and Performance Management Committee, consisting of independent, external members listed below, is required to meet at least 4 times per annum as per the Audit Committee Charter, although additional meetings may be called as the need arises. The Audit Committee has met more than 4 times for the financial year 2013-2014.

We present our report for the year-end 30 June 2014

Audit Committee members and attendance:

Details	Qualifications	Meetings	Status
Mr. P Mntambo – AC Chair	Bcompt	8/8	Active
Mr. M.C. Ndwandwe	Bcom	8/8	Active
Mr. M.Ngcobo	NDIP-Town & Regional Planning	5/8	Active

The Council of Zululand District Municipality has appointed its Audit Committee to assist the municipality in advising:

- Municipal Council, the political office-bearers, the accounting officers and the management staff of the municipality, accounting officer and the management staff of the municipal entity, on matters relating to:

1. Internal financial control and internal audits;
2. Risk management
3. Accounting Policies
4. The adequacy , reliability and accuracy of financial reporting and information
5. Performance management
6. Effective governance
7. Compliance with this Act, DORA and any other applicable legislation (MFMA 56 of 2005, Section 166(2)(a)(i-ix)

In order for the audit committee to be effective and able to advise according we rely on the reports prepared by internal audit, information obtained from the management and accounting officers.

The Effectiveness of Internal Control

The systems of internal control are the responsibility of the management and are designed to provide effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the requirements of the MFMA and the principles of the King III Report on Corporate Governance, the Internal Audit Function provides the audit and performance committee and the S management with assurance that the systems of internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, and the Report and Management Letter of the Auditor-General on the Annual Financial Statements.

Audit of Performance Information

The audit committee has reviewed the performance information on a quarterly basis and was satisfied with performance of the HOD's. It is evident that the management has given this a special attention on a quarterly basis.

Effective Governance

The Audit Committee is responsible for ensuring that the Municipality's internal audit function is independent and has the necessary resources, standing and authority within the Municipality to enable it to discharge its duties. The Internal Audit Unit has audited all section as per the audit plan. This has an unacceptable impact on the risk environment of the municipality and Council should take appropriate action as a matter of urgency.

The Audit Committee oversees cooperation between the internal and external auditors, and serves as a link between the Council and these functions. The internal and external auditors have unlimited direct access to the Audit Committee, primarily through its chairperson.

The Mayor of the Municipality, the Chairperson of the Municipal Public Accounts Committee, and representatives from COGTA, National & Provincial Treasury & the office of the Auditor General were invited to the Audit Committee meetings.

Compliance with Legislation and Ethics

Areas of non-compliance have been brought to the attention of management. A compliance checklist has been developed to address the shortcomings.
An Ethics policy has been developed. However, the Audit Committee expressed concern at the lack of an implementation and communication/awareness plan.

Annual Report 2013/2014
The Audit Committee has reviewed the annual report which was subject to changes being enacted before submitted to Council.
Final Auditor-General Report

The audit committee has concurred with the final Audit Report from Auditor-General that our municipality has achieved cleaned audit during 2013/2014 financial. The audit committee will ensure that the clean audit is maintained for 2014/2015 financial year.

Recommendations

1. Council should ensure that clear, relevant and time bound commitments are recorded on the Auditor-General's quarterly dash board report and should thereafter monitor the progress on a monthly basis. This will improve compliance with key internal controls and contribute to clean administration. In this regard it is imperative that the accounting officer provide the required resources such as staff and space to establish an efficient and effective registry to ensure proper document management.

2. The accounting officer should monitor progress made with management's action plan to address the Auditor-General's audit findings on a monthly basis. Council should monitor progress quarterly in conjunction with the dash board report.

3. The accounting officer should set clear timelines and procedures for organizational as well as individual performance evaluations. Council should monitor compliance with these timelines and procedures and should take the necessary action against senior employees who do not respond appropriately and on a timely basis.

4. Council should ensure that adequate financial and staffing resources are made available on an urgent basis for the Internal Audit function to be efficient and effective. This will contribute to the Internal Audit Unit submitting reports on a timely basis to the Audit Committee to fulfil its mandate.

5. Council should ensure that it has sufficient and appropriate manpower resources and processes to be able to fully utilize grants within the prescribed time frames. .

6. The accounting officer should attend to the internal audit report on tenders and contracts as a matter of urgency and report back to the Audit Committee at its next meeting. We would also recommend that this matter be referred to MPAC for investigation.

7. Council should ensure awareness of the policies on Ethics, Whistleblowing and Fraud and Corruption by means of workshops with the relevant stakeholders and roll out to staff.

8. Council should ensure that the Risk Management Committee is functioning effectively to facilitate the execution of the risk management processes as a key enabler to achieving the business objectives and programme goals of the Municipality. In this regard a Risk Officer should be appointed as a matter of urgency to assist the Audit Committee in fulfilling its oversight role on risk management.

Conclusion

The Audit Committee confirms its commitment to assist Council to make significant progress towards clean administration. The Audit Committee also wishes to thank Council and management for its support and the teams from internal and external audit for their contributions.

On behalf of the Audit and Performance Committee

GLOSSARY

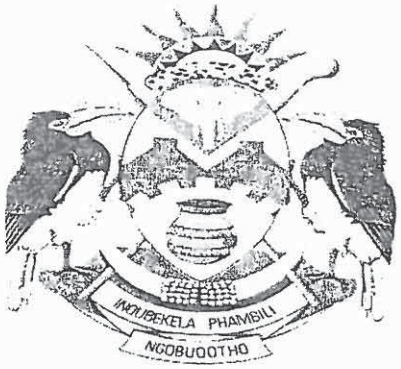
Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.

Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action suchas a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

VOLUME II

VOLUME II:ANNUAL FINANCIAL STATEMENTS



Annual Financial Statements for
ZULULAND DISTRICT MUNICIPALITY
for the year ended 30 June *2014*

Province:	KwaZulu Natal

Contact Information:

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Name of Chief Financial Officer:	S.B. NKOSI
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Contact telephone number:	012 315 5103
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GENERAL INFORMATION

MEMBERS OF THE COUNCIL

1 Cllr MA Hlatshwayo	**Mayor** (was Speaker till appointed Mayor on 01 June 2014)
2 Cllr V O Mbuyisa	**Speaker** (was Exco Member till apointed as Speaker on 01 June 2014)
3 Cllr SE Qwabe	**Deputy Mayor**
4 Cllr S Ntombela	Member of the Executive Committee (w.e.f 01 June 2014)
5 Cllr B B Zwane	Member of the Executive Committee
6 Cllr ME Khumalo	Member of the Executive Committee
7 Cllr S E Nkwanyana	Member of the Executive Committee
8 Cllr SR Nkosi	Member
9 Cllr M M Mntungwa	Member
10 Cllr M B Mabaso	Member
11 Cllr ZS Buthelezi	Member
12 Cllr R B Mhlungu	Member
13 Cllr N J Mjaja	Member
14 Cllr Z Siyaya	Member
15 Cllr T B Lukhele	Member
16 Cllr SJ Zulu	Member
17 Cllr BJ Mncwango	Member
18 Cllr BC Nhlabathi	Member
19 Cllr KE Nxumalo	Member
20 Cllr IA Mbatha	Member
21 Cllr NM Nhlabathi	Member
22 Cllr RM Zulu	Member
23 Cllr MT Lushaba	Member
24 Cllr NF Zulu	Member
25 Cllr MS Ntshangase	Member
26 Cllr ISM Hadebe	Member
27 Cllr ME Buthelezi	Member
28 Cllr Mkhize TK	Member
29 Cllr Ximba SP	Member
30 Cllr TL Khumalo	Member
31 Cllr PTAN Buthelezi	Member
32 Cllr LS Dumakude	Member
33 Cllr N Xaba	Member
34 Cllr TJ Khumalo	Member
35 Cllr Dlamini QM	Member
36 Cllr V Z KaMagwaza-Msibi	Mayor (resigned 19 May 2014)

General information (continued)

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

4

Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Registered Office:	ZULULAND DISTRICT MUNICIPALITY
Physical address:	B-400 GAGANE STREET ULUNDI 3838
Postal address:	PRIVATE BAG X76 ULUNDI 3838
Telephone number:	035 874 5500
Fax number:	035 874 5589/91
E-mail address:	mm@zululand.org.za

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages **4 to 52**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.
I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs's determination in accordance with this Act.

Municipal Manager: Mr J H De Klerk

29 August 2014

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

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ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Note	2014 R	2013 R
ASSETS			
Current assets		**19 730 865**	**121 343 825**
Cash and cash equivalents	2	-	89 550 879
Trade receivables from exchange transactions	3.1.	3 791 500	2 968 959
Other receivables from exchange transactions	3.2.	31 600	6 693
Other receivables from non-exchange transactions	4;38	4 146 093	4 471 966
Inventories	5	3 365 745	3 351 202
Prepayments	6	1 754 390	1 924 639
VAT receivable	13	6 641 538	19 069 486
Non-current assets		**2 057 651 858**	**1 765 380 952**
Non-current receivables	7	3 124 887	4 009 170
Property, plant and equipment	8	2 052 991 773	1 760 005 088
Heritage assets	9	1 151 452	988 478
Intangible assets	10	383 745	378 216
Total assets		**2 077 382 723**	**1 886 724 777**
LIABILITIES			
Current liabilities		**95 879 395**	**93 947 385**
Trade and other payables from exchange transactions	11	80 719 908	72 161 538
Consumer deposits	12	3 227 865	3 218 441
Taxes and transfers payable (non-exchange)		-	32 712
Current provisions	14	5 869 455	5 280 542
Bank overdraft	2	5 499 352	
Payables from non-exchange transactions	15	562 815	13 254 152
Non-current liabilities		**5 325**	**5 325**
Other non-current financial liabilities	17	5 325	5 325
Total liabilities		**95 884 719**	**93 952 710**
Net assets		**1 981 498 003**	**1 792 772 067**
NET ASSETS			
Accumulated surplus / (deficit)		1 981 498 003	1 792 772 066
Total net assets		**1 981 498 003**	**1 792 772 066**

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2014

	Note	2014 R	2013 R
Revenue from Exchange Transactions			
Service charges	18	26 899 025	23 914 694
Rental of facilities and equipment	19	119 418	106 272
Interest earned - external investments	20	6 980 485	11 829 016
Interest earned - outstanding receivables	21	-	445 473
Other revenue from exchange transactions	23	2 533 754	1 796 674
Revenue from Non-Exchange Transactions			
Government grants and subsidies received	22	673 040 161	650 660 526
Other revenue from non-exchange	22.1	27 864	37 767
Total revenue		**709 600 706**	**688 790 423**
Expenses			
Employee related costs	24	128 570 712	113 005 000
Remuneration of councilors	25	6 191 361	6 054 148
Contribution to Doubtful debts	3	6 416 307	2 525 817
Depreciation and amortisation expense	26.1	29 700 571	30 074 024
Repairs and maintenance	26.2	47 091 156	38 258 138
Finance costs	27	-	10 519
Bulk Water purification and Sewer Treatment	28	76 016 153	67 096 498
Contracted services	29	13 428 612	10 691 098
Grants and subsidies paid	30	1 829 239	1 041 732
General expenses	31	212 653 951	187 017 168
Total expenses		**521 898 061**	**455 774 143**
Gains / (losses) on sale of assets	32	23 291	-
Financial Loss Recovered	42	1 000 000	-
Surplus / (deficit) for the period		188 725 936	233 016 279

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2014

DETAILS	Note	Accumulated Surplus/(Deficit) R
Balance at 30 June 2012		1 563 719 982
Correction of prior period error	38	1 712 232
Restated Balance at 30 June 2012		1 565 432 214
Surplus / (deficit) for the period		233 016 279
Restated Balance at 30 June 2012		1 798 448 493
Correction of prior period error	38	(5 676 427)
Restated Balance at 30 June 2013		1 792 772 066
Surplus / (deficit) for the period		188 725 936
Balance at 30 June 2014		1 981 498 003

ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R	2013 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		716 985 248	668 900 298
Cash Received from consumers, government and other	33	716 985 248	668 900 298
Payments		(496 183 496)	(423 718 205)
Cash Paid to employee costs, supplier and other	33	(496 183 496)	(423 718 205)
Net cash flows from operating activities	33	**220 801 752**	**245 182 093**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		**(315 851 983)**	**(286 059 107)**
Purchase of Property, Plant and Equipment		(323 461 861)	(297 030 082)
Purchase of Heritage Assets		(162 974)	(683 108)
Proceeds from sale of Property, Plant and Equipment		842 167	-
Interest-Investments		6 980 485	11 829 016
Purchase of intangible assets		(49 800)	(174 933)
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**(122 874)**
Repayment of finance lease liability		-	(112 355)
Finance Cost-Finance Lease		-	(10 519)
		(95 050 231)	**(40 999 888)**
Net increase / (decrease) in net cash and cash equivalents		**(95 050 231)**	**(40 999 888)**
Net cash and cash equivalents at beginning of period		89 550 879	130 550 767
Net cash and cash equivalents at end of period	34	(5 499 352)	89 550 879

ZULULAND DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 30 June 2014

Actual 2013	Description	Actual 2014	Approved Budget 2014	Adjustments	Final Budget 2014	Difference	Comments
	Revenue						
23 914 894	Service charges	26 899 025	34 574 042		34 574 042	-7 675 017	Under-billing of water revenue due to water restrictions and some consumers prefer free water.
106 272	Rental of facilities and equipment	119 418	103 812		103 812	15 606	Budget oversight.
11 829 016	Interest earned - external investments	6 980 485	13 981 389		13 981 389	-7 000 904	Interest is based on estimated capital investments that fluctuate during the year.
445 473	Interest earned - outstanding receivables	-	-		-	-	Entry based on Grap compliance
650 660 526	Government grants and subsidies	318 733 353	292 472 000	7 164 000	299 636 000	19 097 353	The grants that were unspent in 2012/2013 have met their conditions and the revenue was recognised.
37 767	Other income	2 561 618	139 693 177	7 950 000	147 643 177	-145 081 559	Due to the appropiation of accumulated reserves used to finance the budget
686 993 749	Total revenue	355 293 899	480 824 420	15 114 000	495 938 420	140 644 522	
					-	-	
	Expenses				-	-	
113 005 000	Employee related costs	128 570 712	129 968 454		129 968 454	1 397 742	savings in salaries
6 054 148	Remuneration of councilors	6 191 361	6 272 356		6 272 356	80 995	savings in allawances
2 525 817	Bad debts	6 416 307	3 403 711		3 403 711	-3 012 596	Based on actual debt impairment
30 074 024	Depreciation and amortisation expense	29 700 571	35 280 259		35 280 259	5 579 688	Based on prior year actual depreciation. Assets purchased at different inetrvals during the year.
38 258 138	Repairs and maintenance	47 091 156	51 921 262.12		51 921 262	4 830 106	Savings achieved
10 519	Finance costs	-	10 902		10 902	10 902	Liabilities paid during the year
67 096 498	Bulk Water purification and Sewer Treatment	76 016 153	75 574 610		75 574 610	-441 544	bulk water purchases is fully spent as a results of refurbishment works conducted at the plants.
10 691 098	Contracted services	13 428 612	10 118 297		10 118 297	-3 310 315	Actual expenditure was slightly above budget but virements were made to accomodate those expenditure
1 041 732	Grants and subsidies paid	1 829 239	1 939 239		1 939 239	110 000	Funded organisations could not prove prior year expenditure
187 017 168	General expenses	212 653 951	203 324 178	15 735 549	219 059 727	6 405 776	Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted to the expenditure being operating and inclued in the financial performance
455 774 143	Total expense	521 898 061	517 813 267	15 735 549	533 548 816	11 650 755	
-	Gains / (losses) on sale of assets	23 291		-	-	-	
-	Financial Loss Recovered	1 000 000	-	-	-	-	Proceeds from insurance claim
231 219 606	Suplus/ (Deficit) for the period	-165 580 871	-36 988 847	-621 549	-37 610 396	127 970 476	
365 054 334	Transfers Recognised- capital	354 306 807.55	359 031 000.00	(4 724 192.45)	354 306 807.55	-	
	Contributions Recognised				-		
	Surplus/Deficit after capital transfers	188 725 936.26	322 042 153.38	(4 724 192.45)	317 317 960.93	128 592 025	The delference was funding from our own reserves
303 734 297	Capital Expenditure	323 461 861.25	387 428 402.07	(63 966 540.82)	323 461 861.25	0	Reclassification of expenses
297 421 521	Transfers recognised- capital	316 440 100.25	359 031 000.00	(42 590 899.75)	316 440 100.25	-	
	Public contributions				-		
	Borrowings	-			-		
6 312 776	Internally Generated funds	7 021 761.00	28 397 401.48	(14 890 000.00)	13 507 401.48	6 485 640	Some other expenditure was not qualifying to be assets
303 734 297	Total Sources of capital funds	323 461 861.25	387 428 401.48	(57 480 899.75)	329 947 501.73	6 485 640.48	

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Boa in accordance with Section 122(3) of the Municipal Finance Management Act,(Act No 56 of 2003)

Accounting policies for material transactions, events or conditions not covered by the GRAP Standards have been developed in accordance with paragraphs 7,11 and 12 of GRAP 3.Thes accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

1.1.2. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

1.1.2.1 PROVISIONS

Management determined an estimate for provisions raised based on the information available

1.1.2.2 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

As described in accounting policies 1.3 and 1.5 the municipality depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets taking into account the residual values of the assets at the end of their useful lives, which is determined when the asset become available for us .The useful lives and residual values of the assets are based on industry knowledge and reviewed annually.

1.1.2.3 DEFINED BENEFIT PLAN LIABILITIES

As described in accounting policy 1.8, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligation of the municipality that were identified are post retirement health benefit obligations. The estimated liabilities are recorded in accordance with the requirements of IAS 19.
Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 5 to the financial statements.

1.1.2.4 REVENUE RECOGNITION

Accounting policy 1.10 on Revenue fro Exchange Transactions and the accounting policy 1.11 on Revenue from Non-Exchange Transactions describes the conditions under which revenue is recorded by the management of the municipality
In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9, Revenue from Exchange Transactions and GRAP 23 Revenue from Non Exchange Transactions and in particular, when services are rendered, whether the services has been rendered. The management of the municipality is satisified that recognition of the revnue in the current year is appropiate.

1.1.2.5 FINANCIAL ASSETS AND LIABILITIES

The classification of financial assets and liabilities, into categories, is based on management's educated judgement.

1.1.2.6 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The impairement of propety, plant and equipment is based on the input provided by the municipality's technical advisor's including those in management. This input includes the condition assessment of the assets after physical verification.

1.1.2.7 EFFECTIVE INTEREST RATE

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cashflows. Where none exists the prime rate is used to discount future cash flows.

1.1.2.8 IMPAIRMENT ALLOWANCE

Management currently determines an impairment allowance for accounts receivables based on collection trends. This basis is subject to review after the receivable database has been updated.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for t reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior ye comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and th prior year comparatives are restated accordingly.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

The presentation and classification of items in the current year is consistent with prior periods.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following Standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

Standard number	Standard name	Effective date (if applicable)
GRAP 18	*Segment Reporting*	*No effective date*
GRAP 20	*Related Party Disclosures*	*No effective date*
GRAP 32	*Service Concessions Arrangement Grantor*	*No effective date*
GRAP 105	*Transfer of Functions Between Entities Under Common Control*	*No effective date*
GRAP 106	*Transfer of Functions Between Entities Not Under Common Control*	*No effective date*
GRAP 107	*Mergers*	*No effective date*
GRAP 108	Statutory Receivables	No effective date

GRAP 18: SEGMENT REPORTING

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will b allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 20: RELATED PARTY DISCLOSURES

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

It is unlikely that the standard will have a material impact on the municipality's financial statements.
For the year under review, the municipality has applied IPSAS 20.

GRAP 25: EMPLOYEE BENEFITS

The objective of this standard is to prescribe the accounting and disclosure for employee benefits. The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality expects to adopt the standard for the first time in the 2014 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 31: INTANGIBLE ASSETS

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

The effective date of the standard is for years beginning on or after 01 April 2013.

There is no impact of the standard on adoption.

GRAP 105: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities not under common control.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

GRAP 107: MERGERS

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and a initially recorded at cost The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessa for it to be capable of operating in the manner intended by the municipality Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plan and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant a equipment. The major components are depreciated seperately over their useful lives.

Where an asset is acquired by the municipality for no consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the ass acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spar parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asse is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation t the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year ir which the asset is available for use after talking into account the an assets' residual value where applicable.

The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	
Water	15-70 years
Sewerage	15-70 years
Community	
Buildings	30 years
Recreational Facilities	20-30 years
Finance lease assets	
Office equipment	5 years
Other	
Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and adjusted where necessary. Any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at ea reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written do immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised A reversal of the impairment is recognised in the Statement of Financial Performance.

Land is not depreciated as it is deemed to have an indefinite life.

1.6.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of th asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying valu and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and a impairment loss is charged to the Statement of Financial Performance.

1.7 HERITAGE ASSETS

1.7.1 INITIAL RECOGNITION

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

1.7.2 MEASUREMENT AT RECOGNITION

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

1.7.3 SUBSEQUENT MEASUREMENT

The municipality uses either cost model or revaluation model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirement of heritage asset and can be measured reliable. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generation.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated; however the municipality assesses impairment to all heritage assets at each reporting date.

1.7.4 DE-RECOGNITION OF HERITAGE ASSETS

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the statement of financial performance.

1.7.5 TRANSITIONAL PROVISIONS

The municipality utilises the transitional provisions under Directive 4, which allows three (3) years for the measurement of heritage assets.

1.8 INTANGIBLE ASSETS

1.8.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognise an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is on capitalised to the extent that:

- the municipality intends to complete the intangible asset for use;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset o the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initiall measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.8.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5-7 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication o possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.8.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or lo arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement Financial Performance.

1.9 INVENTORIES

1.9.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the dat acquired.

1.9.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distribute at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in thi way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in th period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation t the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method (FIFO).

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.10.2 MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10.3 DERECOGNITION

Non-current assets and disposal groupies held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition

1.11 INVESTMENT PROPERTY

1.11.1 INITIAL RECOGNITION AND MEASUREMENT

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably. At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property.Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculate on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.
The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement c Financial Performance.

1.11.3 IMPAIRMENTS

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reportir date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.11.4 DERECOGNITION

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.12 BIOLOGICAL ASSETS

1.12.1 RECOGNITION

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).
Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- The entity controls the asset; and
- Future economic benefits or service potential from the asset is probable; and
- The fair value or cost of the asset can be determined.

1.12.2 MEASUREMENT

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

1.12.2 DERECOGNITION

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.
Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

1.13 FINANCIAL INSTRUMENTS

1.13.1 INITIAL RECOGNITION

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement . The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests a the case may be.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Long-term Receivables	Financial asset at amortised cost
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost

1.13.2 MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets an liabilities depends on this categorisation and, in the absence of an approved GRAP 104 Standard on Financial Instruments, is in accordance with IAS 39.

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

1.13.3 IMPAIREMENTS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.
A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

1.13.4 RECOGNITION

A financial asset is derecognised at trade date, when:
The cash flows from the asset expire, are settled or waived;
a) Significant risks and rewards are transferred to another party; or
b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.9 INVESTMENTS

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.10 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised c refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at ye end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 da overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that a receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previous written off are credited against operating expenses in the Statement of Financial Performance.

1.11 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequent measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into know amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of th cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalent as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised a financial liabilities: other financial liabilities carried at amortised cost.

1.13 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 LEASES

1.16.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lea liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs a expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of t asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight line basis over the term of the relevant lease.

1.16.2 MUNICIPALITY AS A LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.17 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value o money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.18 REVENUE

1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council an are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchang Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to rep the amount.

Fines constitute both spot fines in the form of meter tempering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, pla and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have bee received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Managemer Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

1.18.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liabilit is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without an conditions attached are recognised as revenue when the asset or expense is recognised.

1.19 BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

1.20 EMPLOYEE BENEFITS

Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Defined Benefit Plans

A **defined benefit plan** is a post- employment benefit plan other than a defined contribution plan.

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

	Note	2014 R	2013 R
2 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following			
Cash on hand		-	5 000
Call deposits		-	89 545 879
		-	89 550 879
The Municipality has the following bank accounts			
Current Account (Primary Bank Account)			
ABSA BANK-KZN Public Sector Branch. 4047162045			
Cash book balance at beginning of year		39 545 879	(39 476 013)
Cash book balance at end of year		(5 499 352)	39 545 879
Bank statement balance at beginning of year		40 318 624	55 427 514
Bank statement balance at end of year		11 200 997	40 318 624
Cash on hand		-	5 000
Total cash and cash equivalents		-	89 550 879
Total bank overdraft		5 499 352	-
Call Accounts			
Absa Bank (20-7293-6439)			30 000 000
First National Bank (IDS3607016)			10 000 000
Standard Bank (9864660)			10 000 000
Investec			-
Total		-	50 000 000

Encumberancies: A Guarantee of R24 200,000 has been issued in favour of supplier for the purchase of pipes (2013). The gurantee was realesed during the 2014 financial year.

3.1 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances R	Impairement of Debtors R	Net Balance R
Trade receivables			
as at 30 June 2014			
Service debtors (Water and Sanitation)	67 836 712	64 045 213	3 791 500
Total	67 836 712	64 045 213	3 791 500
as at 30 June 2013			
Service debtors (Water and Sanitation)	60 597 865	57 628 906	2 968 959
Total	60 597 865	57 628 906	2 968 959
	60 597 865	57 628 906	2 968 959

Municipal Councillors

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

Other post-employment benefit obligations

The municipality does not provide post retirement health care benefits to any of its employees and therefore has no liability for such benefits. Except for one staff member who was transferred from another local municipality.

1.21 VAT

VAT is accounted for on the payment basis i.e. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

1.22 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in a separate budget statement in the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2013 to 30 June 2014.

1.23 CAPITAL COMMITMENTS

Capital commitments are future expenditure to which the municipality is committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes.

Commitments are disclosed for:

Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
Commitments are disclosed excluding Vat.

	Note	2014 R	2013 R
Water and Sewerage: Ageing			
Current (0 – 30 days)		5 057 607	2 647 235
31 - 60 Days		1 436 677	2 126 262
61 - 90 Days		1 534 993	1 580 328
91 - 120 Days		1 244 947	1 298 469
121 - 365 Days		9 471 371	10 827 183
+ 365 Days		49 091 117	42 118 388
Total		67 836 712	60 597 865

Summary of Debtors by Customer Classification	Consumers	Industrial / Commercial/ National & Provincial Government
	R	R
as at 30 June 2014		
Current (0 – 30 days)	2 360 441.62	2 697 165
31 - 60 Days	980 641.70	456 036
61 - 90 Days	942 468.25	592 525
91 - 120 Days	920 530 98	324 416
121 - 365 Days	7 411 073.29	2 060 298
+ 365 Days	45 893 008.37	3 198 108
Sub-total	58 508 164.21	9 328 548
Less: Provision for doubtful debts		
Total debtors by customer classification	58 508 164	9 328 548
as at 30 June 2013		
Current (0 – 30 days)	1 322 472	1 324 763
31 - 60 Days	1 058 996	1 067 265
61 - 90 Days	1 008 069	572 259
91 - 120 Days	791 044	507 425
121 - 365 Days	8 395 041	2 432 142
+ 365 Days	39 623 384	2 495 005
Sub-total	52 199 006	8 398 859
Less: Provision for doubtful debts		
Total debtors by customer classification	52 199 006	8 398 859

3.1 Reconciliation of the doubtful debt provision

Balance at beginning of the year	57 628 906	48 113 262
Contributions to provision	6 416 307	2 525 817
Reversal of provision	-	-
Total	64 045 213	50 639 079
Correction of error (Note 38)	-	6 989 827
Balance at end of year	64 045 213	57 628 906

Trade and other receivables past due but not impaired

Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2014, R3 791 00 - (2013: R2 968 959) were past due but not impaired.
The ageing of amounts past due but not impaired is as follows:

Less than 60 days past due	1 288 885	745 987
Less than 180 days past due	2 502 614	2 222 972
	3 791 500	2 968 959

	Note	2014 R	2013 R
Trade and other receivables impaired			
As of 30 June 2014, trade and other receivables of R64 045 213 - (2013: R57 628 906) were impaired and provided for.		64 045 213	57 628 906
The ageing of these receivables is as follows:			
3 to 6 months		7 900 892	5 359 657
Over 6 months		56 144 321	52 269 249
The fair value of trade and other receivables approximates their carrying amounts.			

3.2. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Debtor: B Mpanza		31 600	-
Re-classified from Other Receivables from Non-Exchange Transactions (Note 4)		-	6 693
Total		31 600	6 693

4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Debtor: Interest on Investment (Call accounts)		70 318	173 052
Debtor: Independent Electoral Commission		-	6 693
Debtor: BG Shawe		-	480
Debtor: SCN Zungu		-	19 183
Debtor: S S Nkambule		29 740	-
Debtor: ISM Hadebe		73 514	-
Debtor: Mthethwa TW Group Life		-	10 000
Debtor: JB Dlamini		36 276	62 101
Debtor: Natal Spa		71 058	-
Debtor: Insurance Claim		202 679	-
Debtor: Ulundi Municipality		454 935	-
Debtor: Federal Air Lines		15 190	-
Debtor: BAC Helicopter		4 598	-
Debtor: KZN Aviation		3 010	-
Debtor: Abogreen Farm		2 359	-
Debtor: Vriendschap Boedery		158 825	-
Debtor: Pongola Municipality		284 062	48 337
Debtor: RS Ndlangamandla		-	5 610
Debtor: SP Zulu		-	177
Debtor: W Ngxongo		-	1 049
Debtor: Water Affairs		2 739 528	
Bursary Debtor		-	6 776
Other Debtors (Accrued income)		-	4 145 350
Total		4 146 093	4 478 807
Re-classified to Other Receivables from Exchange Transactions (Note 3.1)			(6 693)
Adjusted for correction of error (Note 38)			(148)
Total Other Debtors		4 146 093	4 471 966

5 INVENTORIES

Closing balance of inventories:	3 365 745	3 351 202
Consumable store & water stock	3 337 865	3 351 202
Fuel Stock	27 880.00	-

6 PREPAYMENTS

Prepaid expenses	1 064 470	1 234 719
Federal Air deposit	689 920	689 920
	1 754 390	1 924 639

Includes pre-payments for Salga fees and accomodation for Salga games 2014, PayDay Annual Licences for 2014-15, Eskom and Geniprint PTY Ltd (2013).
Federal Air Deposit- A deposit on aviation contract

7 NON-CURRENT RECEIVABLES

Debtor: Eskom Deposits	3 118 844	4 003 126
Deposit: Property 165 President Str, Vryheid	6 044	6 044
Total	3 124 887	4 009 170

Eskom Deposit- is payable when an application is made to connect a new water scheme for the Eskom line supply

Rent Deposit- this is the deposit payable in terms of the office lease agreement

8 PROPERTY, PLANT AND EQUIPMENT

8 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Capital work in Progress	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R		R	R	R	R
as at 1 July 2013									
Cost/Revaluation	470 000	34 579 548	748 394 577	-	949 837 011	-	26 723 952	-	1 760 005 088
	470 000	43 476 034	944 003 920	-	949 837 011	-	51 575 983	907 254	1 990 270 202
Accumulated depreciation and impairment losses	-	(8 896 486)	(195 609 344)	-	-	-	(24 852 031)	(907 254)	(230 265 114)
Transfers	-	0	438 101 069	14 933 380	(453 034 449)	-	-	-	0
Acquisitions	-	-	-	-	316 378 874	-	7 082 987	-	7 082 987
Capital under Construction	-	-	-	-	-	-	-	-	316 378 874
Depreciation	-	(1 170 271)	(25 039 804)	(34 940)		-	(3 411 285)	-	(29 656 301)
Carrying value of disposals	-	-	-	-		-	(818 876)	-	(818 876)
Cost/Revaluation	-	-	-	-		-	(6 643 757)	-	(6 643 757)
Accumulated depreciation and impairment losses	-	-	-	-		-	5 824 881	-	5 824 881
as at 30 June 2014									-
Cost/Revaluation	470 000	33 409 277	1 161 455 841	14 898 440	813 181 437	-	29 576 778	-	2 052 991 773
Transfers	470 000	43 476 034	944 003 920	-	1 266 215 885	-	52 015 213	907 254	2 307 088 306
Accumulated depreciation and impairment losses	-	-	438 101 069	14 933 380	(453 034 449)	-	-	-	0
	-	(10 066 757)	(220 649 148)	(34 940)	-	-	(22 438 435)	(907 254)	(254 096 533)

Refer to Appendix B for more detail on property, plant and equipment
Asset number 18592 located at Masokhaneni is identified as temporally idle due to that, there is no water on ground because of poor raining condition

8 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Capital work in Progress	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R		R	R	R	R
as at 1 July 2012	**470 000**	**35 180 011**	**772 037 066**	**-**	**658 703 287**	**305 370**	**26 020 038**	**104 219**	**1 492 819 990**
Cost/Revaluation as previously reported	470 000	42 996 247	1 603 713 009			305 370	44 677 284	907 254	1 693 069 163
Reclasified from Infrastructure to Capital Work in Progress			(658 703 287)		658 703 287	-			-
Restated Balance at 1 July 2012	**470 000**	**42 996 247**	**945 009 722**		**658 703 287**	**305 370**	**44 677 284**	**907 254**	**1 693 069 163**
Accumulated depreciation and impairment losses	-	(7 816 236)	(172 972 657)	-		-	(18 657 246)	(803 035)	(200 249 174)
Acquisitions	-	-	-	-		-	4 253 793	-	4 253 793
Capital under Construction	-	479 787	293 606 944	-		-	-	-	294 086 731
Reclasified from Infrastructure to Capital Work in Progress			(293 606 944)		293 606 944				-
Depreciation	-	(1 080 250)	(22 636 687)	-		-	(6 194 785)	(104 219)	(30 015 940)
Transfers	-	-	(1 005 802)	-	(2 644 907)	(305 370)	2 644 907	-	(1 311 172)
Corretion of error	-	-	-	-	171 687	-	-	-	171 687
as at 30 June 2013	**470 000**	**34 579 548**	**748 394 577**	**-**	**949 837 011**	**-**	**26 723 952**	**-**	**1 760 005 088**
Cost/Revaluation	470 000	43 476 034	945 009 722	-	952 310 231	305 370	48 931 077	907 254	1 991 409 687
Transfers	-	-	(1 005 802)	-	(2 644 907)	(305 370)	2 644 907	-	(1 311 172)
Correction of error (note 38)	-	-	-	-	171 687	-	-	-	171 687
Accumulated depreciation and impairment losses	-	(8 896 486)	(195 609 344)	-	-	-	(24 852 031)	(907 254)	(230 265 114)

Capital Work-In-Progress has been re-classified from Infrastructure (Opening Balance) to Capital Work-In-Progress column and from work in progress column to other assets column for the completed assets to disclose separately completed assets and Work-In-Progress.

9 HERITAGE ASSETS

9 Reconciliation of Carrying Value

	Art collections	Stamp collections	Collections of rare books or manuscripts	Historical buildings	Total
	R	R	R	R	R
as at 1 July 2013					
Cost/Revaluation	988 478	-	-	-	988 478
Correction of error (note 48)	988 478	-	-	-	988 478
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
	-	-	-	-	-
Acquisitions	-	-	-	-	-
Capital under Construction	162 974	-	-	-	162 974
Carrying value of disposals	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
Other movements*	-	-	-	-	-
as at 30 June 2014	1 151 452	-	-	-	1 151 452
Cost/Revaluation	1 151 452	-	-	-	1 151 452
Transfers	-	-	-	-	-
Impairment losses	-	-	-	-	-

Refer to Appendix C for more detail on Heritage Assets
All the reported costs of Heritage Asset is still under Work-In-Progress.

9 Reconciliation of Carrying Value

	Art collections	Stamp collections	Collections of rare books or manuscripts	Historical buildings	Total
	R	R	R	R	R
as at 1 July 2012	**305 370**	**-**	**-**	**-**	**305 370**
Cost/Revaluation	305 370	-	-	-	305 370
Correction of error (note 48)	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	-	-	-	-	-
Capital under Construction	683 108	-	-	-	683 108
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
*Other movements	-	-	-	-	-
as at 30 June 2013	**988 478**	**-**	**-**	**-**	**988 478**
Cost/Revaluation	988 478	-	-	-	988 478
Impairment losses	-	-	-	-	-

10 INTANGIBLE ASSETS

Note

10.1 Reconciliation of carrying value

	Computer Software R	Total R
as at 1 July 2013		
Cost	378 216	378 216
Accumulated amortisation and impairment losses	2 211 836	2 211 836
	(1 833 620)	(1 833 620)
Acquisitions	49 800	49 800
Amortisation	(44 271)	(44 271)
Carrying value of disposals	0	0
Cost	1 666 579	1 666 579
Accumulated amortisation	(1 666 579)	(1 666 579)
as at 30 June 2014		
Cost	383 745	383 745
Accumulated amortisation and impairment losses	3 928 215	3 928 215
	(3 544 470)	(3 544 470)

		Note	2014	2013
			R	R
11	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
	Creditor previous years' year end		33 721 197	34 881 926
	Bank deposits not receipted		-	67 788
	Other Creditors		380 926	-
	Retention		45 104 218	36 194 641
	R/O cheque		-	28 449
	Water & Sanitation Debtors with Credit Balances		1 513 567	975 215
	Total		80 719 908	72 148 018
	Adjusted for Correction of Error (Note 38)		-	13 521
	Total Restated Creditors		80 719 908	72 161 538
12	CONSUMER DEPOSITS			
	Water		3 227 865	3 218 441
	Total consumer deposits		3 227 865	3 218 441
	ZDM does not pay interest on deposits refunded			
13	VAT RECEIVABLE			
	Vat		11 682 025	20 802 719
	Year-end vat reclaimable		3 203 564	2 773 995
	VAT Payable		(8 244 050)	(7 353 971)
	Total		6 641 538	16 222 743
	Adjusted for Correction of Error (Note 38)		-	2 846 743
	Restated balance		6 641 538	19 069 486
	Vat is accounted for on the payments basis			
14	CURRENT PROVISIONS			
	Reconciliation of movement in Provision for Leave pay			
	Opening Balance		5 280 542	4 283 886
	Provisions Raised		2 882 803	3 273 272
	Amounts Used		(2 293 889)	(2 276 614)
	Closing Balance		5 869 455	5 280 542
15	OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS			
	Unspent Conditional Grants from other spheres of government		558 370	13 275 023
	Creditors Deceased Staff		4 444	-
	Total		562 815	13 275 023
	Adjusted for Correction of Error (Note 38)			(20 870)
	Total Unspent Conditional Grants and Receipts		562 815	13 254 152

16 FINANCE LEASE LIABILITY

2014	Minimum lease payment	Future finance charges
	R	R
Amounts payable under finance leases		
Within one year	-	-
Within one year	-	-
Less Amount due for settlement within 12 months (current portion)	-	-
Outstanding amount		

2013	Minimum lease payment		Future finance charges
	R		R
Amounts payable under finance leases			
Within one year	122 690	112 355	10 334
Within two to five years	-		-
	122 690		10 334
Less Amount due for settlement within 12 months (current portion)			

The average lease term is 5 years and the average effective borrowing rate is 30.05%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

17	OTHER FINANCIAL LIABILITIES		
	Other Non-Current Financial Liabilities		
	Deposit-IEC	2 905	2 905
	Deposit - WSSA	2 420	2 420
		5 325	5 325
	Other Non-Current Financial Liabilities (R5 325) are rental deposits by IEC and WSSA		

		Note	2014	2013
			R	R
18	SERVICE CHARGES			
	Sale of water		19 764 166	17 459 683
	Sewerage and sanitation charges		7 134 858	6 455 011
	Total Service Charges		26 899 025	23 914 694
19	RENTAL OF FACILITIES AND EQUIPMENT			
	Rental of facilities		119 418	106 272
	Total rentals		119 418	106 272
20	INTEREST EARNED - EXTERNAL INVESTMENTS			
	Current Account		897 425	757 668
	Call Accounts		6 083 059 7	11 071 348
	Total interest		6 980 485	11 829 016
21	INTEREST EARNED - OUTSTANDING RECEIVABLES			
	Debtors		-	445 473
	Total interest		-	445 473
22	REVENUE FROM NON-EXCHANGE TRANSACTIONS			
	GOVERNMENT GRANTS AND SUBSIDIES			
	DWAF Accelerated Community infrastructure (Operational & maintenance)		15 721 000	8 268 000
	DWAF- Bulk Infrastructure Grant		53 081 371	64 045 660
	Equitable share		276 930 000	258 854 000
	Expanded public works Programme		2 942 000	5 207 000
	Finance Management Grant		1 250 000	1 250 000
	Grant: Rural Sanitation		4 500 000	3 443 130
	Indonsa		1 639 000	1 561 000
	LED Catalyst		-	1 132 356
	MIG Grant		261 545 000	275 487 000
	MWIG		37 170 000	-
	Municipal Systems Improvement Grant		890 000	1 000 000
	Massificabon		5 886 715	5 194 285
	P700 Strategic Corridor		1 866 000	7 968 698
	Shared Services Planning		2 275 613	365 138
	Ulundi Airport		6 499 025	9 043 622
	Training of Councillors		200 000	
	Grants: ACIP		644 437	1 339 638
	Ulundi Tourism Hub		-	6 500 000
	TOTAL		673 040 161	650 660 526

		Note	2014	2013
			R	R
22.1	Other Revenue from Non-Exchange			
	Tampering Fee			
	Re-classified from Other Income (Tampering Fee)		27 864	
				37 767
			27 864	37 767

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.

MIG GRANT

Balance unspent at beginning of year	-	-
Current year receipts	261 545 000	275 487 000
Conditions met - transferred to revenue	(261 545 000)	(275 487 000)
Conditions still to be met - remain liabilities	-	-

MIG is implemented on a multi year programme and the conditions are met on a ongoing basis.

Conditional Government Grants and Subsidies		
Balance unspent at beginning of year	13 275 022	10 734 655
Current year receipts	660 323 508	653 200 893
Conditions met - transferred to revenue	(673 040 160)	(650 660 526)
Conditions still to be met - remain liabilities	558 370	13 275 023

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act No 05 of 2013, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

23	OTHER INCOME FROM EXCHANGE TRANSACTIONS			
	OTHER INCOME			
	Marathon entry fee		49 655	32 322
	New connections-sewarage		10 437	10 945
	New connections-water		86 020	75 973
	Reconnection fees-water		118 456	115 114
	Sundry Income		161 402	143 541
	Sale of Aviation fuel		595 313	
	Revenue from flight tickets		439 881	-
	Donations received		274 000	-
	Discount Received		32 390	-
	Indonsa Hall Hire		2 000	7 800
	Telephone expenses recovered		61 467	77 934
	Skills Levy Refunds		288 845	636 724
	Non-refundable tender deposit		413 890	730 088
	Total		2 533 754	1 834 441
	Re-classified to Revenue From Non-Exchange (Tampering Fee)		-	(37 767)
	TOTAL OTHER INCOME		2 533 754	1 796 674

24	EMPLOYEE RELATED COSTS			
	Employee related costs - Salaries and Wages		87 950 785	80 039 587
	Employee related costs - Contributions for UIF, pensions and medical aids		20 037 178	16 980 240
	Travel, motor car, accommodation, subsistence and other allowances		7 048 273	6 705 511
	Housing benefits and allowances		662 364	610 794
	Overtime payments		8 230 358	4 527 693
	Other employee related costs		4 641 754	4 141 174
	TOTAL EMPLOYEE RELATED COSTS		128 570 712	113 005 000

	Note	2014	2013
		R	R
Remuneration of the Municipal Manager			
Annual Remuneration		540 000	540 000
Performance and other bonuses		138 524	229 704
Travel, motor car, accommodation, subsistence and other allowances		705 096	706 772
Contributions to UIF, Medical and Pension Funds		61 115	53 294
TOTAL		1 444 735	1 529 770
Remuneration of the Chief Finance Officer			
Annual Remuneration		360 000	360 000
Performance and other bonuses		106 015	166 917
Travel, motor car, accommodation, subsistence and other allowances		653 452	627 289
Contributions to UIF, Medical and Pension Funds		52 200	46 924
TOTAL		1 171 667	1 201 131

Remuneration of Individual Executive Directors	Planning	Technical Services	Corporate Services	Community Services
	R	R	R	R
2014				
Annual Remuneration	360 000	360 000	360 000	360 000
Performance and other bonuses	86 932	-	90 113	86 932
Travel, motor car, accommodation, subsistence and other allowances	677 102	681 428	717 181	676 522
Contributions to UIF, Medical and Pension Funds	35 087	18 721	55 895	21 355
Total	1 159 121	1 060 150	1 223 189	1 144 810

	Community	Technical Services	Corporate Services	Planning
	R	R	R	R
2013				
Annual Remuneration	360 000	60 000	351 239	360 000
Performance and other bonuses	-	-	162 989	86 235
Travel, motor car, accommodation, subsistence and other allowances	669 601	102 949	694 393	627 814
Contributions to UIF, Medical and Pension Funds	37 286	3 005	56 798	19 713
Total	1 066 887	165 954	1 265 419	1 093 762

25 REMUNERATION OF COUNCILLORS

	R	R
Mayor	703 801 00	724 280 02
Deputy Executive Mayor	351 900 00	409 088 38
Speaker	563 040 00	599 390 94
Executive Committee Members	2 111 404 00	2 761 774 37
Councillors' pension and medical aid contributions	319 035 96	392 813 94
Councillors' allowances	2 142 178,85	1 166 800 80
Total Councillors' Remuneration	6 191 360,81	6 054 148,45

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor has contracted bodyguards and three (3) full time drivers.

		Note	2014 R	2013 R
26.1	DEPRECIATION AND AMORTISATION EXPENSE			
	Property, plant and equipment		(29 656 301)	(30 015 940)
	Intangible assets		(44 271)	(58 084)
	Total Depreciation and Amortisation		(29 700 571)	(30 074 024)
26.2	REPAIRS AND MAINTENANCE			
	Repairs and maintenance Building		1 543 048	2 338 343
	Repairs and maintenance Computers		111 508	150 269
	Repairs and maintenance Furniture and equipments		39 257	13 180
	Operations and maintenance of water schemes		34 758 288	21 475 630
	Refurbishment and maintenance - water schemes		7 136 525	11 312 160
	Repairs and maintenance Vehicles		3 502 529	2 968 555
	Total		47 091 156	38 258 138
27	FINANCE COSTS			
	Borrowings		-	10 519
	Total Finance Costs		-	10 519
28	BULK WATER PURIFICATION AND SEWER TREATMENT			
	Electricity		32 715 059	29 099 609
	Water		43 301 094	37 996 890
	Total Bulk Purchases		76 016 153	67 096 498
29	CONTRACTED SERVICES			
	Contracted services for			
	Security Services		10 080 900	7 349 797
	Meter reading Services		156 725	488 520
	Cleaning Service		2 092 414	1 770 044
	Internal Audit Services		1 088 572	1 102 736
	Restated total		13 428 612	10 691 098
30	GRANTS AND SUBSIDIES PAID			
	Abaqulusi Municipality		50 000	50 000
	Nongoma Municipality		50 000	50 000
	Pongola Municipality		50 000	50 000
	Ulundi Municipality		50 000	50 000
	Battlefields Route		60 000	60 000
	Zululand Bingding Route		60 000	60 000
	Water Service Provider Grant (Abaqulusi)		1 509 239	721 732
			1 829 239	1 041 732

These grants comprise Tourism Grants to Local Municipalities, other tourism institutions and a Water Services Provider Grant to Abaqulusi Municipality

31	GENERAL EXPENSES			
	Included in general expenses are the following :			
	Advertising		217 906	224 078
	Audit fees		1 943 915	1 609 015
	Bank charges		163 849	200 087
	Conferences and delegations		49 005	25 393
	Entertainment		413 050	410 521
	Fuel and oil		9 767 553	7 692 468
	Insurance		1 151 276	971 418
	Membership fees		1 257 532	707 435
	License fees (Vehicles)		479 316	190 900
	Postage		406 828	302 815
	Printing and stationery		583 351	469 141
	Professional fees		7 023 056	6 333 945
	Rental of buildings		192 770	230 836
	Rental of office equipment		1 084 606	662 541
	Other rentals		149 526	151 112
	Skills development levies		1 243 584	1 075 340
	Stocks and material		258 562	-
	Telephone cost		1 917 815	2 307 670
	Training		1 706 481	1 620 460
	Community & social expenditure		111 958 475	88 499 142
	Travel and subsistence		9 138 064	8 399 503
	Uniforms & overalls		664 197	1 059 711
	Grants/ Projects expenditure		60 883 134	63 873 536
	Internal Audit fees		-	1 102 736
	Total		212 553 951	188 119 905
	Reclassified to Contracted Services (Internal Audit fees)		-	(1 102 736)
	Restated total		212 553 951	187 017 168

		Note	2014	2013
			R	R
32	GAIN / (LOSS) ON SALE OF ASSETS			
	Property plant and equipment		23 291	-
	Total gain / (loss) on sale of assets		23 291	-
33	CASH GENERATED BY OPERATIONS			
	Surplus/(deficit) for the year		188 725 936	233 015 279
	Adjustment for:-			
	Depreciation and amortisation		29 700 571	30 074 024
	(Gain) / loss on sale of assets		(23 291)	-
	Finance costs-Borrowings		-	10 519
	Interest - Investments		(6 980 485)	(11 829 016)
	Operating surplus before working capital changes		211 422 732	251 271 806
	Working Capital		9 379 020	(6 089 712)
	(Increase)/decrease in trade and other receivables from exchange transactions		(822 540)	(4 498 725)
	(Increase)/decrease in other receivables from non-exchange transactions		325 874	(2 759 173)
	(Increase)/decrease in current provisions		588 913	996 657
	(Increase)/decrease in prepayments		170 250	34 293
	(Increase)/decrease in VAT receivable		12 427 948	(344 526)
	(Increase)/decrease in inventory		-	-
	(Increase)/decrease in non-current receivables		(14 543)	(801 121)
	Increase/(decrease) in trade and other payables from exchange transactions		884 282	(654 220)
	Increase/(decrease) in consumer deposits		8 558 369	(529 354)
	Increase/(decrease) in current taxes		9 424	(100 407)
	Increase/(decrease) in current portion of unspent conditional grants and receipts		(32 712)	32 712
	Increase in other non current financial liabilities		(12 691 337)	2 540 367
	Increase in other debtors		-	-
	Increase/(decrease) in other current financial liabilities (Current liabilities)		(24 907)	-
	Cash generated by/(utilised in) operations		-	(6 214)
			220 801 752	245 182 094

	Note	2014	2013
		R	R
Cash receipts from consumers, government and other			
Total revenue per statement of financial performance		709 600 706	688 790 423
Adjusted for items disclosed separately			
Interest received		(6 980 485)	(11 829 016)
Financial loss recovered		1 000 000	
Adjusted for working capital		13 365 027	(8 061 109)
(Increase)/decrease in trade and other receivables from exchange transactions		(822 540)	(4 498 725)
(Increase)/decrease in other receivables from non-exchange transactions		325 874	(2 759 173)
Increase in current portion of receivables		588 913	996 557
(Increase)/decrease in VAT receivable		12 427 948	(344 526)
(Increase)/decrease in inventory		(14 543)	(801 121)
(Increase) in non-current receivables		884 262	(654 220)
Increase in other debtors from exchange		(24 907)	
Cash receipts from consumers, government and other		716 985 248	668 900 298
Cash paid to employees, suppliers and other			
Total expenses as per statement of financial performance		(521 898 061)	(455 774 143)
Adjusted for non-cash items:		29 700 571	30 074 024
Depreciation		29 700 571	30 074 024
Adjusted for items disclosed separately			
Finance Costs		-	10 519
Adjusted for working capital		(3 986 006)	1 971 395
(Increase)/decrease in prepayments		170 250	34 293
Increase/(decrease) in trade and other payables from exchange transactions		8 558 369	(529 354)
Increase/(decrease) in current portion of unspent conditional grants and receipts		(12 691 337)	2 540 366
Increase/(decrease) in consumer deposits		9 424	(100 407)
Increase/(decrease) in current taxes and transfers payables (non-exchange)		(32 712)	32 712
Increase/(decrease) in other current liabilities		-	(6 214)
Increase/(decrease) in other current liabilities			
Cash paid to employees, suppliers and other		(496 183 496)	(423 718 205)
34 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following			
Bank balances and cash		-	89 550 879
Bank overdrafts		(5 499 352)	-
Net cash and cash equivalents (net of bank overdrafts)		(5 499 352)	89 550 879
35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
35.1 Contributions to organised local government			
Opening balance			-
Membership Fees		1 257 632	707 435
Amount paid - current		(1 257 632)	(707 435)
Amount paid - previous years			
Balance unpaid (included in payables)		-	-

		Note	2014	2013
			R	R
35.2	Audit fees			
	Opening balance			
	Current year audit fee		1 943 915	1 609 015
	Amount paid - current year		(1 943 915)	(1 609 015)
	Balance unpaid (included in payables)		-	-
35.3	PAYE and UIF			
	Opening balance		-	-
	Current year payroll deductions		19 853 575	11 147 085
	Amount paid - current year		(19 853 575)	(11 147 085)
	Balance unpaid (included in payables)		-	-
35.4	Medical and Pension Contributions			
	Opening balance		-	-
	Current year payroll deductions and Council Contributions		25 968 210	16 164 057
	Amount paid - current year		(25 968 210)	(16 164 057)
	Balance unpaid (included in payables)		-	-

35.5 The following Councillors had arrear accounts outstanding as at 30 June 2014	Outstanding less than 90 days	Outstanding more than 90 days
	R	R
as at 30 June 2014		
Cllr T B Lukhele	2 329	32 124
Cllr PATN Buthelezi	205	3 666
Cllr I A Mbatha	278	2 501
Cllr B J Mncwango	1 595	10 223
Cllr T K Mkhize	195	522
Cllr K E Nxumalo	1 206	35 454
Total Councillor Arrear Consumer Accounts	3 399	85 490
as at 30 June 2013		
Cllr T B Lukhele	22 203	-
Cllr V Z KaMagwaza-Msibi	(232)	(232)
Cllr PATN Buthelezi	3 125	-
Cllr I A Mbatha	1 096	-
Cllr S E Nkwanyana	351	-
Cllr B J Mncwango	(136)	(136)
Cllr T K Mkhize	6 571	-
Cllr K E Nxumalo	30 870	-
	(389)	-
Total Councillor Arrear Consumer Accounts	63 459	(368)

		Note	2014	2013
			R	R
35.6	Water losses averaged 7.6% during the year		6 546 209	9 628 755

Unaccounted for water comprises underground leaks, faulty meters, vandalism, reservoir overflows resulting from either faulty or malfunctioning ball valves. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to source funding for the implementation of the Non Revenue Water Management Strategy.

35.7 Irregular Expenditure

Reconciliation of irregular expenditure		
Opening balance	12 890 986	16 870 556
Irregular expenditure incurred during the year	88 750	1 443 341
Report on Deviations incurred	-	18 653 376
Irregular expenditure condoned or written-off by council	(12 890 986)	-
Irregular expenditure awaiting condonement	88 750	36 967 273
Irregular expenditure condoned or written-off by council in 2012/13		(5 422 911)
Re-classified to Report on Deviations (Note 35.10)		(18 653 376)
Restated irregular expenditure awaiting condonement	88 750	12 890 986

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. This was due to the members making misrepresentations on the Municipal Bidding Documentation (MBD 4) forms which are official declarations from National Treasury. Investigations are ongoing and further actions will be taken in accordance with the merits of each case. A legal opinion regarding the action that can be instituted has been obtained. However, the municipality does not have access to the database of government employees and cannot reasonably be expected to know all government employees. As a result, the declarations by members of respective companies are considered adequate. In June 2012 the municipality procured the services of a company that verifies the status of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed.

35.8 Unauthorised expenditure

Reconciliation of unauthorised expenditure		
Opening balance	-	6 975 536
Unauthorised incurred during the year	-	-
Unauthorised incurred condoned or written-off by council	-	(6 975 536.0)
Unauthorised awaiting condonement	-	-

35.9 Fruitless and Wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	42 815	20 098
Fruitless and wasteful incurred during the year	78 205	42 815
Fruitless and wasteful condoned or written-off by council	(79 821)	(20 098)
Fruitless and wasteful awaiting condonement	41 199	42 815

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

35.10 Report on Approved Deviations

Reconciliation of approved deviations		
Opening balance	-	-
Reclassified from Irregular Expenditure (Note 35.7)	-	18 653 376
Deviations incurred during the year	47 370 587	-
Deviations reported to council	(47 370 587)	(18 653 376)
Deviations awaiting reporting to council	-	-

Compliance with Municipal Supply Chain Management Regulations paragraph 36

		Note	2014	2013
			R	R
36	CAPITAL COMMITMENTS			
	Commitments in respect of capital expenditure			
	- Approved and contracted for		228 717 126	276 647 535
	Infrastructure		225 692 746	276 647 535
	Community		2 803 758	-
	Heritage			
	Other		220 621 6	
	- Approved but not yet contracted for		128 814 254	110 780 866
	- Community		-	6 000 000
	Heritage			
	Other		17 513 000	19 055 161
	Infrastructure		111 301 254	85 725 705
	Total		357 531 380	387 428 401
	This expenditure will be financed from			
	- Own Revenue		20 537 380	28 397 401
	- Government Grants		336 994 000	359 031 000
	- District Council Grants			
			357 531 380	387 428 401

The amount above excludes vat

		Note	2014	2013
			R	R
37	OPERATING LEASES			
	At the reporting date the entity has outstanding commitments under operating leases which fall due as follows			
	Operating leases - lessee			
	Within one year		125 775	132 059
	In the second to fifth year inclusive		-	223 512
	Total		125 775	355 571
	Total future minimum sublease payment expected to be received under non-cancellable sublease			
	Related party balances			
	Loan accounts - Owing (to) by related parties			

		Note	2014	2013
			R	R
38	CORRECTION OF PRIOR PERIOD ERROR			
	Add Correction of errors at 30 June 2012 and prior periods			
	Nature of error			
	Transfer of excessive receipt to sundry income (JNL E074)			(500)
	Reversal of R/D receipts suspence account (JNL E075)			(928)
	Reversal of R/D receipts suspence account (JNL E075)			(4 531)
	Reversal of R/D receipts suspence account (JNL E075)			(110)
	Recognition of input VAT that was not claimed during 09/10 and 10/11 financial years (JNL E0197)			1 718 299
	Restated Balance at 30.6.2012			1 712 232

	Note	2014 R	2013 R
For the 2013 period			
Nature of error			
Reversal of R/D receipts suspence account (JNL E075)			(232)
Reversal of JNL No A071 from WIP to Correction of Error vote (E0170)			(7 221)
Correcton of interest accrued (JNL A066)			(148)
JNL E095			41 741
Reversal of JNL no A095			(41 741)
Flight tckets revenue			423 385
Fed Air Expenditure			(423 385)
Capitalisation of work-in-progress and recognition of year-end receipts (JNL E026)			192 557
Recognition of input VAT that was not claimed during 12/13 financial year (JNL E0197)			1 128 444
Recognition of VAT on 2013 debtors balance before calculating provision for impairement (JN A053)			(6 989 827)
Restated Balance at 30 June 2013			(5 676 427)

	Note	2014	2013
		R	R
NET EFFECT OF PRIOR PERIOD ERRORS			
Increase creditors			(13 521)
Decrease in Retention			-
Increase in debtors (VAT Receivables)			2 846 743
Decrease in debtors (Accrued Interest Income)			(142)
Decrease in Unspent Grant (creditors)			20 870
Increase in provision for debtors impairment			(6 989 827)
Increase in assets (Work-in-progress)			171 687
NET EFFECT			(3 964 195)

39 EMPLOYEE BENEFITS

Pension Benefits

Council's share of contributions to retirement benefit funds were	10 318 028	9 138 808

As stated in the accounting policy note, all contributions to retirement benefit funds are treated as contributions to retirement contribution plans.

Post retirement benefits

Employees of the municipality do not enjoy post retirement medical benefits and the municipality has no legal or constructive obligation in this regard. Except for one employee who was transferred from one of the local municipality .

40 CONTINGENT LIABILITIES

Contigent liabilities comprises of:

40.1	Claim for damages	2014
		1 539 248

The Municipality is being sued by a service provider arising from the council terminating the services for non-performance in terms of the contract. Council is contesting the claim based on the legal advice. A court date has not been set

40.2	Claim for damages	72 045

A judgement was issued against the municipality arising from an accident involving a municipal vehicle and a third party. The municipality is applying to have judgement rescinded on the basis that the summons were not served to the municipality. The court date is set for 12 August 2014

40.3 Creche site dispute

The municipality has a dispute with a community property association with regards to the building of the creche arising from an objection by a section of the community

The legal opinion provides that the amount of the claim is undeterminable at the reporting date due to the fact that the two parties are still negotiating that the building of the creche be agreed to at the current site. Negotiations are underway. The court date is set for 31 October 2014.

	1 611 293

40.4	Claim for damages	2013
		178 532

The Municipality is being sued by a service provider arising from the council terminating the service in terms of the contract. Council is defending the case and therefore filed a special plea in terms of which it disputes the validity of claim. Council is awaiting sheriff's response with regards to legal instruction to attach Plaintiff's movable assets

40.5	Claim for damages	128 811

The Municipality is being sued by a service provider arising from the council terminating the service in terms of the contract. Council is defending the case and therefore filed a special plea in terms of which it disputes the validity of claim. Council is awaiting trial date for the Plaintiff's application

40.6	Claim for damages	1 539 248

The Municipality is being sued by a service provider arising from the council terminating the service in terms of the contract. Council is defending the case and therefore filed a special plea in terms of which it disputes the validity of claim. Council is awaiting trial date for the Plaintiff's application.

40.7	Claim for damages	190 213

The Municipality is being sued by a service provider arising from the council terminating a cession agreement. The default judgement was obtained against the Defendent. Council through legal advice is filing an application to rescind the default judgement.

40.8	Claim for damages	463 000

Dispute arising from consultant and contractor regarding missunderstanding of the contract terms. The cort date has not been set

	2 499 804

41 CONTINGENT ASSET

Contigent assets comprises of:

41.1	Stolen cheques	2 481 539	3 481 539

A forensic investigation was conducted into the theft of Plaintiff's cheque and the Defendant's staff was found acted negligently. Council is suing Defendant for damages and loss of money. Subsequent to the stealing of cheques, the court case has been finalised and the suspect convicted. Some funds were frozen and according to our lawyers, it is probable that we may recover this amount from the Bank

41.2	Pending Forensic Investigation	350 000	-

Forensic investigation is pending. The amount of contigent asset is determined reliably

	2 831 539	3 481 539

42 FINANCIAL LOSS RECOVERED (Fraudulent Transactions)

	Note	2014	2013
		R	R
Financial Loss Recovery from the insurers		1 000 000	-
Total		1 000 000	-

Financial Loss recovered from insurers associated with stolen cheques

43 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The Statement of comparison of Budget and actual amounts has been presented as a separate additional statement on page 8. The budget and actual financial statements are prepared on the accrual basis and covers the same period from 1 July 2013 to 30 June 2014

44 CHANGE OF ACCOUNTING ESTIMATES

The useful lives of certain assets were re-estimated in 2013 and extended accordingly. In the current period management have revised their estimates. The effect of this revision has increased the depreciation charges for the current and future periods by R 61,893

The effect of these has resulted to an increase in depreciation as follows:	Pre-change of estimate	Post-change of estimate	Net effect
Current Depreciation	-	61 893	61 893

45 CAPITAL RISK MANAGEMENT

The capital structure of the municipality consist of accumulated surplus as disclosed in the statement of changes in net assets

46 GEARING RATIO

The gearing ration is nil since the municipality does not have long term liabilities

47 FINANCIAL RISK MANAGEMENT

The Department Financial Services monitors and manages the finacial risk relating to the operations through internal policies and procedures. These risk include interest rate and liquidity risk. Compliance with policy and procedures is reviewed by internal auditors on a continous basis an annual by external auditor. the municipality does not enter into or trade financial instruments for speculative purposes.

48 LIQUIDITY RISK

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municiplitys reputations

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangement are established at competitive rates to ensure that cash flow requirements are met

ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2014

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2013	Received during the period	Redeemed / written off during the period	Balance at 30 June 2014	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
Finance Lease Liability-Konica Minolta		30/06/2013	-	-	-	-		
Total long-term loans			-	-	-	-	-	
TOTAL EXTERNAL LOANS			-	-	-	-	-	

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2014

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land													
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	43 476 034				43 476 034	(8 896 486)	(1 170 271)	-	-	(10 066 757)	-	-	33 409 277
Infrastructure													
Water & Sewerage Inst	477 457 336			-	477 457 336	(124 149 619)	(13 353 746)	-	-	(137 503 364)	160 529 236.60	-	500 483 208
Water & Sewerage Pipes	466 546 584				466 546 584	(71 459 725)	(11 686 058)	-	-	(83 145 783)	277 571 832.00	-	660 972 633
	944 003 920	-	-	-	944 003 920	(195 609 344)	(25 039 804)	-	-	(220 649 148)	438 101 068.60	-	1 161 455 841
Capital Work in Progress													
Capital Work in Progress	949 837 011			316 378 874	1 266 215 885	-	-	-	-	-	-453 034 448.60		813 181 437
	949 837 011	-	-	316 378 874	1 266 215 885	-	-	-	-	-	-453 034 448.60	-	813 181 437
Community Assets													
Recreation Grounds	-	-	-	-	-	-	(34 940)	-	-	(34 940)	14 933 380.00	-	14 898 440
	-	-	-	-	-	-	(34 940)	-	-	(34 940)	14 933 380	-	14 898 440
Total carried forward	1 937 786 965	-	-	-	987 949 954	(204 505 830)	(26 245 015)	-	-	(230 750 845)	-	-	2 023 414 995

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2014

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	1 937 786 965	-	-	-	987 949 954	(204 505 830)	(26 245 015)	-	-	(230 750 845)	-	-	2 023 414 995
Other Assets													
Office Equipment	1 451 210	188 729	(572 873)		1 067 066	(1 239 267)	411 076	506 856		(321 336)	-	-	745 730
Furniture & Fittings	899 422	259 720	(178 972)		980 170	(484 356)	(42 203)	168 091		(358 468)	-	-	621 702
Emergency Equipment	139 476	14 270			153 746	(84 656)	(16 115)			(100 771)	-	-	52 975
Motor vehicles	39 998 752	5 743 430	(3 464 579)		42 277 603	(17 986 853)	(3 469 494)	2 798 343		(18 658 005)	-	-	23 619 599
Computer Equipment	6 233 939	516 488	(2 335 951)		4 414 476	(4 301 187)	(396)	2 265 014		(2 036 569)	-	-	2 377 907
Other Assets	2 853 185	360 350	(91 383)	-	3 122 152	(755 711)	(294 153)	86 577		(963 287)	-		2 158 866
	51 575 983	7 082 987	(6 643 757)	-	52 015 213	(24 852 031)	(3 411 285)	5 824 881	-	(22 438 435)	-	-	29 576 778
Finance Lease Assets													
Office Equipment	907 254	-	-	-	907 254	(907 254)			-	(907 254)	-	-	-
	907 254	-	-	-	907 254	(907 254)	-	-	-	(907 254)	-	-	-
Total	1 990 270 202	7 082 987	(6 643 757)	-	1 040 872 421	(230 265 114)	(29 656 301)	5 824 881	-	(254 096 533)	-	-	2 052 991 773

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land													
Land	470 000	-	-		470 000					-			470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	42 996 247	-	-	479 787	43 476 034	(7 816 236)	(1 080 250)	-	-	(8 896 486)	-	-	34 579 548
Infrastructure					-					-			-
Water & Sewerage Inst	1 137 067 495	-		293 606 944	1 430 674 439	(111 549 548)	(12 600 071)	-	-	(124 149 619)	(906 872)	-	1 305 617 949
Water & Sewerage Pipes	466 645 514	-			466 645 514	(61 423 109)	(10 036 616)	-	-	(71 459 725)	(98 930)	-	395 086 859
Reclassified to work in prog	(658 703 287)	-	-	(293 606 944)	(952 310 231)	-	-	-	-	-	-	-	(952 310 231)
	-	-	-	-	-	-	-	-	-	-	-	-	-
	945 009 722	-	-	-	945 009 722	(172 972 657)	(22 636 687)	-	-	(195 609 344)	(1 005 802)	-	748 394 577
Capital Work in Progress													
Capital Work in Progress	658 703 287	-	-	293 606 944	952 310 231	-	-	-	-	-	(2 644 907)	-	949 665 324
Correction of error												171 687	
	658 703 287	-	-	293 606 944	952 310 231	-	-	-	-	-	(2 644 907)	171 687	949 837 011
Community Assets													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-
Historical Buildings	-	-	-		-	-	-	-	-	-	-	-	-
	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-
Total carried forward	1 647 484 626	-	-	294 086 731	1 941 571 357	(180 788 893)	(23 716 937)	-	-	(204 505 830)	(3 956 079)	171 687	1 733 281 136

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	1 647 484 626	-	-	294 086 731	1 941 571 357	(180 788 893)	(23 716 937)	-	-	(204 505 830)	(3 956 079)	171 687	1 733 281 136
Other Assets													-
Office Equipment	1 444 412	6 798	-	-	1 451 210	(1 091 921)	(147 346)	-	-	(1 239 267)	-	-	-
Furniture & Fittings	685 171	214 251		-	899 422	(393 595)	(90 761)		-	(484 356)	-	-	211 943
Emergency Equipment	139 476	-		-	139 476	(70 659)	(13 997)		-	(84 656)	-	-	415 066
Motor vehicles	33 967 611	3 386 234	-	-	37 353 845	(13 068 755)	(4 918 098)	-	-	(17 986 853)	2 644 907	-	54 820
Computer Equipment	5 614 417	619 522	-	-	6 233 939	(3 546 553)	(754 634)	-	-	(4 301 187)	-	-	22 011 899
Other Assets	2 826 197	26 988	-	-	2 853 185	(485 763)	(269 948)	-	-	(755 711)	-	-	1 932 752
	44 677 284	4 253 793	-	-	48 931 077	(18 657 246)	(6 194 785)	-	-	(24 852 031)	2 644 907	-	2 097 474
Finance Lease Assets													26 723 952
Office Equipment	907 254	-	-	-	907 254	(803 035)	(104 219)	-	-	(907 254)	-	-	-
	907 254	-	-	-	907 254	(803 035)	(104 219)	-	-	(907 254)	-	-	-
Total	1 693 069 163	4 253 793	-	294 086 731	1 991 409 687	(200 249 174)	(30 015 940)	-	-	(230 265 114)	(1 311 172)	171 687	1 760 005 088

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APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2014

	Cost / Revaluation								
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Art collection	988 478	-	-	162 974	1 151 452	-	-	-	1 151 452
Work of arts	988 478	-	-	162 974	1 151 452	-	-	-	1 151 452
Antiquities	-	-	-	-	-	-	-	-	-
Stamp collections	-	-	-	-	-	-	-	-	-
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-
Collections of fossils	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	-	-	-	-	-	-	-	-
Collection of rare books	-	-	-	-	-	-	-	-	-
Manuscripts	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Graves and burial grounds	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Total	988 478	-	-	162 974	1 151 452	-	-	-	1 151 452

ZULULAND DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

for the year ended 30 June 2014

	Cost / Revaluation					Accumulated Depreciation					
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Transfers	Carrying value
	R	R	R	R	R	R	R	R	R		R
Executive & Council	43 946 034			-	43 946 034	(8 896 486)	(1 170 271)	-	(10 066 757)	-	33 879 277
Finance & Admin	49 490 576	6 708 367		(6 552 375)	49 646 569	(24 918 917)	(3 101 018)	5 738 304	(22 281 631)	-	27 364 938
Planning & Development	2 853 185	360 350		(91 383)	3 122 152	(755 711)	(294 153)	86 577	(963 287)		2 158 866
Health	-	-		-	-	-	-	-	-		-
Community & Social Services	139 476	14 270			153 746	(84 656)	(16 115)		(100 771)		52 975
Public Safety	944 003 920	-	-	-	944 003 920	(195 609 344)	(25 039 804)	-	(220 649 148)		723 354 772
Water					-			-	-		-
Other											
Total	1 040 433 191	7 082 987	-	(6 643 757)	1 040 872 421	(230 265 114)	(29 656 301)	5 824 881	(254 096 533)	-	786 775 887

ZULULAND DISTRICT MUNICIPALITY

APPENDIX E

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2014

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus / (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus / (Deficit) R
	32 519 298	(32 519 298)	Executive & Council	-	53 149 349.33	(53 149 349)
274 319 202	30 609 868	243 709 335	Finance & Admin	288 836 948	35 258 090.88	253 578 857
4 862 666	15 789 918	(10 927 252)	Planning & Development	9 531 613	16 768 522.10	(7 236 910)
26 151 278	95 018 882	(68 867 604)	Community & Social Services	8 338 025	88 396 884.19	(80 058 859)
383 457 277	281 836 178	101 621 099	Water & Sanitation	403 889 547	328 304 576.22	75 584 971
688 790 423	**455 774 143**	**233 016 280**		**710 596 133**	**521 877 423**	**188 718 711**